



ECONOMIC DEVELOPMENT AUTHORITY AGENDA

PUBLIC MEETING ROOM

THURSDAY, AUGUST 18, 2022

7:00 AM

1. Call to Order
2. Approval of the Minutes
3. Routine Business: *Agenda items below are approved by one motion unless an EDA member requests separate action.*
 - A. Monthly Loan Status Report
 - B. Permit Activity Update Report
 - C. Budget Status Report
4. Public Hearings
5. Items for Discussion
 - A. Approve Contract for Private Development - Tax Increment Financing District No. 17: Riverchase Apartments (Resolution 2022-07)
 - B. Consider Modifications to the Development Program for Development District 1 and the Proposed establishment of Tax Increment Financing District No. 16 (Resolution 2022-08)
 - C. Consider Modifications to the Development Program for Development District 1 and the Proposed establishment of Tax Increment Financing District No. 18 (Resolution 2022-09)
 - D. Economic Development Incentive Fund (EDIF) Recommendation - Project Rock (Resolution 2022-06)
 - E. Downtown Commercial Rehabilitation Loan - T. Nelson - 230 Central (Resolution 2022-05)
 - F. Approve Preliminary Development Agreement for Demolition of Buildings within the Rice County Law Enforcement Center Block
 - G. Resolution 2022-10 - Approve FY2023 Preliminary Levy Request
6. Project Updates
7. Adjournment



Faribault Economic Development Authority
MEETING INFORMAL DISCUSSION – NO QUORUM

Thursday | July 21, 2022

The members present were Fort, Viscomi and Chair Gramse. The members absent were Campbell, Drevlow, Smith, and Voracek.

Also present were Community and Economic Development Director Deanna Kuennen, Economic Development Coordinator Stephanie Aman, Recording Secretary Kari Casper, and Ehlers Financial Consultant Jason Aarsvold.

Since there were only three members present, there was no a quorum and the meeting was not called to order.

Respectfully Submitted,

By: _____
Kari Casper, Recording Secretary



Request for Action

TO: Faribault Economic Development Authority
FROM: Stephanie Aman, Economic Development Coordinator
MEETING DATE: August 18, 2022
SUBJECT: Monthly Loan Status Report

BACKGROUND:

The Economic Development Authority (EDA) has the authority to provide financial incentives to businesses growing and/or relocating to the City. The various different loan funds in the EDA's portfolio are made up of local, state, and federal dollars – all with their own set of criteria associated with each type of funding source. Staff continually reviews loan files to ensure that loan obligations have been met and loans are closed out as appropriate.

The historical loan information is valuable in understanding how the EDA has assisted projects in the past, and what kinds of loans have been beneficial/impactful. This information can inform various EDA decisions as it relates to developing new loan programs and retooling existing loan programs. Cataloguing which businesses have utilized the various different programs over time is also an important data set that can be used for other purposes, such as identifying tiers of businesses to visit as part of a business retention and expansion (BRE) program.

The attached is a summary of the various City and EDA loan programs and their current available balances as of August 1, 2022. Notable in this month's report is an increase to the Downtown Commercial Rehabilitation Loan program through a \$60,000 payback from the early sale of property.

REQUESTED ACTION:

No Action Required.

ATTACHMENTS:

1. 3A - Loan Status Reports - August

Agenda Item: 3A

Fund	Program Name	Available Balance	Notes
Fund 249	Minnesota Investment Fund (MIF)	\$13,470.19	2018 MN Legislature authorized one-time exception to “cash out” MN MIF funds. The cashed out funds are now part of the EDA’s program budget. Available MIF balance must follow re-use guidelines.
Fund 292	EDA Revolving Loan	\$436,242.89	
	- Commercial Development Loan Program (and Grant)	(\$336,242.89)	
	- Façade Improvement Micro Loan		
	- EDIF - Economic Development Incentive Program		New program in 2021 – dedicated \$200,000 of loan balance. One loan approved – \$100,000 for Try Star (not reflected in available balance)
Fund 243	Industrial Development Loan	\$292,534.46	Last activity was loan for Cry Baby Craig’s
TOTAL EDA LOAN FUNDS AVAILABLE		\$742,247.54 (\$642,247.54)	
Fund 290	EDA Operating Fund/Fund Balance	\$2,301,119.35	Includes one-time transfer of \$249,175 from 2002 land sale
			12/20/2017 – Authorized \$100,000 for the airport building demo/site prep (paid 12/2019) to support commercial development at airport
			Authorized \$150,000 forgivable loan for Daikin
			Includes EDA Program Funds Includes Fund 245 (See below for fund 245)
Fund 245	Downtown Commercial Rehab & Exterior Improvement Program	\$86,096	Allocated Funds 2016 - \$300,000 from City Council 2018 - \$200,000 from City Council 2019 - \$200,000 from EDA 2020 - \$100,000 from EDA (total of \$200,000 identified in budget, only \$100,000 transferred) 2021 - \$0 (total of \$200,000 identified in budget, no funds transferred due to lack of program activity) 2022 – TBD (total of \$200,000 identified in budget for “downtown”) 2022 – July: Repayment of \$60,000 loan
Fund 248	Federal MIF Loan	\$600,644.40	Funds are difficult to spend. Uses must meet a national (federal) objective, public benefit standard, environmental review, Davis-Bacon, and extra business reporting requirements. The City Council may request that funds are transferred into the Small Cities Development Program (same federal objectives). This required spending plan and DEED/HUD approval

Agenda Item: 3A



Request for Action

TO: Faribault Economic Development Authority
FROM: Stephanie Aman, Economic Development Coordinator
MEETING DATE: August 18, 2022
SUBJECT: Permit Activity Update Report

BACKGROUND:

Permit activity (building permits, etc.) is a reflection on the status of the economy. Over the last few years, the City of Faribault has seen an increase in permit activity – which translates into investment in our community.

To track and follow trends, monthly permit activity reports are prepared. This information is shared on a monthly basis with the Economic Development Authority (EDA) to ensure the EDA has a pulse on the development activity occurring in the community. Trend information will also be one resource that the EDA can utilize to develop annual work plans and develop/modify programs to respond to and address business needs.

Residential projects have slowed this month; commercial projects are strong, including issuing a New Construction Permit valued at \$2.5M; Several Commercial Electrical projects add to the strong commercial valuation projects.

REQUESTED ACTION:

No Action Required.

ATTACHMENTS:

1. 3B - 1 - Memo Monthly Permit Activity Report - August



Request for Action

TO: Faribault EDA
FROM: Stephanie Aman,
Economic Development Coordinator
MEETING DATE: August 18, 2022
SUBJECT: Permit Activity Report

BACKGROUND:

Permit activity (building permits, etc.) is a reflection on the status of the economy. Over the last few years, the City of Faribault has seen an increase in permit activity – which translates into investment in our community.

To track and follow trends, monthly permit activity reports are prepared. This information is shared on a monthly basis with the Economic Development Authority (EDA) to ensure the EDA has a pulse on the development activity occurring in the community. Trend information will also be one resource that the EDA can utilize to develop annual work plans and develop/modify programs to respond to and address business needs.

Residential projects have slowed this month; commercial projects are strong, including issuing a New Construction Permit valued at \$2.5M; Several Commercial Electrical projects add to the strong commercial valuation projects.

Agenda Item: 3B

The following summarizes building permit activity:

	January	February	March	April	May	June
Total Building Permits	15	19	39	69	159	162
Total Valuation	\$1,411,787.89	\$4,585,039.62	\$6,180,438.37	\$5,659,386.00	\$6,941,889.02	\$14,155,755.50
Total ALL Permits*	52	70	91	152	231	249
Total ALL Permits Valuation	\$1,492,107.89	\$6,021,764.62	\$6,344,248.37	\$6,951,136.00	\$7,400,267.02	\$14,538,296.50
	July	August	September	October	November	December
Total Building Permits	165					
Total Valuation	\$10,186,083.56					
YTD Building Permits**	692					
YTD Total Valuation**	\$58,287,937.83					
Total ALL Permits*	237					
Total ALL Permits Valuation	\$11,042,152.56					
Total YTD ALL Permits**	1,192					
Total YTD Valuation ALL Permits	\$63,171,077.63					

**Total ALL Permit activity includes plumbing, heating, signs, electrical, etc.*

***YTD includes all activity through 8/15/2022*



Request for Action

TO: Faribault Economic Development Authority
FROM: Stephanie Aman, Economic Development Coordinator
MEETING DATE: August 18, 2022
SUBJECT: Budget Status Report

BACKGROUND:

The Economic Development Authority (EDA) approved a 2022 budget, levy request, and work plan. The budget is divided into "operating expenses" and "program funds." The Program Funds budget is made up of fund balances and various different one-time lump funds. These funds are targeted for specific projects based on the approved Work Plan in the categories of: Available Land, Gateways, Regionalism, Workforce/Data Analysis, and Ongoing Operations.

Of note, this month \$60,000 in Downtown Commercial Rehab and Exterior Building Improvement Loan program fund repayments were received for the early sale of a property.

Attached is the Budget Status report for Fund 290 (Economic Development Authority). This information is being provided for informational purposes. No significant expenses to report.

REQUESTED ACTION:

No action required.

ATTACHMENTS:

1. 7, 2022 Budget Status

General Ledger

Budget Status

User: kcasper
 Printed: 8/9/2022 - 12:24 PM
 Period: 7, 2022



Account Number	Description	Budget Amount	Period Amount	YTD Amount	YTD Var	Encumbered Amount	Available	% Available
Fund 290	Economic Development Authority							
Dept 290-00000								
R01	Taxes							
290-00000-462-31010	Current Ad Valorem Taxes	303,623.00	48,434.14	161,447.14	142,175.86	0.00	142,175.86	46.83
290-00000-462-31020	Delinquent Ad Valorem Taxes	0.00	451.71	1,505.70	-1,505.70	0.00	-1,505.70	0.00
290-00000-462-31030	Mobile Home Taxes	0.00	0.00	0.00	0.00	0.00	0.00	0.00
290-00000-462-31035	Delinquent Mobile Home Taxes	0.00	22.80	76.01	-76.01	0.00	-76.01	0.00
290-00000-462-31040	Excess Tax Increment	0.00	150.25	500.83	-500.83	0.00	-500.83	0.00
290-00000-462-31500	PILOT	0.00	0.00	0.00	0.00	0.00	0.00	0.00
290-00000-462-31550	Green Acres	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	R01 Sub Totals:	303,623.00	49,058.90	163,529.68	140,093.32	0.00	140,093.32	46.14
R02	Permit & Licenses							
290-00000-462-36215	Loan Interest	383.00	101.17	278.22	104.78	0.00	104.78	27.36
	R02 Sub Totals:	383.00	101.17	278.22	104.78	0.00	104.78	27.36
R03	Intergovernmental Revenue							
290-00000-462-33402	Market Value Homestead Credit	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	R03 Sub Totals:	0.00	0.00	0.00	0.00	0.00	0.00	0.00
R04	Charges for Services							
290-00000-462-34108	Administrative Fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00
290-00000-462-34700	Application Fees	2,500.00	500.00	1,940.00	560.00	0.00	560.00	22.40
	R04 Sub Totals:	2,500.00	500.00	1,940.00	560.00	0.00	560.00	22.40
R06	Miscellaneous Revenue							
290-00000-462-36200	Other Miscellaneous Revenue	500.00	0.00	0.00	500.00	0.00	500.00	100.00
290-00000-462-36210	Interest on Investments	5,200.00	0.00	6,001.76	-801.76	0.00	-801.76	0.00
290-00000-462-36211	Interest Market Value	0.00	0.00	-55,300.16	55,300.16	0.00	55,300.16	0.00
290-00000-462-36240	Refunds & Reimbursements	0.00	0.00	0.00	0.00	0.00	0.00	0.00
290-00000-462-36400	Loan Principal	0.00	60,000.00	60,000.00	-60,000.00	0.00	-60,000.00	0.00
	R06 Sub Totals:	5,700.00	60,000.00	10,701.60	-5,001.60	0.00	-5,001.60	0.00
R07	Other Sources							

Account Number	Description	Budget Amount	Period Amount	YTD Amount	YTD Var	Encumbered Amount	Available	% Available
290-00000-462-39100	Sale of Land	0.00	0.00	0.00	0.00	0.00	0.00	0.00
290-00000-462-39200	Transfer In	0.00	0.00	466,660.04	-466,660.04	0.00	-466,660.04	0.00
	R07 Sub Totals:	0.00	0.00	466,660.04	-466,660.04	0.00	-466,660.04	0.00
	Revenue Sub Totals:	312,206.00	109,660.07	643,109.54	-330,903.54	0.00	-330,903.54	0.00
Dept 290-46500	Dept 00000 Sub Totals:	-312,206.00	-109,660.07	-643,109.54	330,903.54	0.00		
E02	Economic Development							
	Supplies							
290-46500-462-42110	General Supplies	0.00	0.00	0.00	0.00	0.00	0.00	0.00
290-46500-462-42115	Meeting	250.00	0.00	29.58	220.42	0.00	220.42	88.17
	E02 Sub Totals:	250.00	0.00	29.58	220.42	0.00	220.42	88.17
E03	Other Services & Charges							
290-46500-462-43040	Legal Fees - Civil Process	25,000.00	0.00	4,687.20	20,312.80	0.00	20,312.80	81.25
290-46500-462-43080	Indirect Cost Allocation	0.00	0.00	0.00	0.00	0.00	0.00	0.00
290-46500-462-43090	Expert & Professional Services	50,000.00	5,000.00	5,655.00	44,345.00	0.00	44,345.00	88.69
290-46500-462-43095	Software Maintenance & Support	0.00	0.00	0.00	0.00	0.00	0.00	0.00
290-46500-462-43130	EDA Program Budget	1,000,000.00	0.00	0.00	1,000,000.00	0.00	1,000,000.00	100.00
290-46500-462-43140	Training & Education	0.00	0.00	0.00	0.00	0.00	0.00	0.00
290-46500-462-43220	Postage	0.00	0.00	0.00	0.00	0.00	0.00	0.00
290-46500-462-43250	Other Communications	0.00	0.00	0.00	0.00	0.00	0.00	0.00
290-46500-462-43310	Travel Expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00
290-46500-462-43430	Advertising - Other	50,000.00	0.00	11,959.29	38,040.71	0.00	38,040.71	76.08
290-46500-462-43510	Legal Notices Publishing	500.00	0.00	0.00	500.00	0.00	500.00	100.00
290-46500-462-43520	Recording Fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00
290-46500-462-43610	Insurance & Bonds	1,889.00	0.00	1,913.00	-24.00	0.00	-24.00	0.00
290-46500-462-43810	Electric Utilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00
290-46500-462-43860	Storm Water Utilities	40.00	0.00	0.00	40.00	0.00	40.00	100.00
290-46500-462-44330	Dues & Subscriptions	24,000.00	0.00	22,195.00	1,805.00	0.00	1,805.00	7.52
290-46500-462-44370	Miscellaneous Charges	0.00	0.00	0.00	0.00	0.00	0.00	0.00
290-46500-462-44390	Taxes & Licenses	50.00	0.00	0.00	50.00	0.00	50.00	100.00
290-46500-462-44600	Loans & Grants	75,000.00	0.00	0.00	75,000.00	0.00	75,000.00	100.00
	E03 Sub Totals:	1,226,479.00	5,000.00	46,409.49	1,180,069.51	0.00	1,180,069.51	96.22
E04	Capital Outlay							
290-46500-462-45100	Land	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	E04 Sub Totals:	0.00	0.00	0.00	0.00	0.00	0.00	0.00
E06	Other Uses							
290-46500-462-47200	Transfer Out	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Account Number	Description	Budget Amount	Period Amount	YTD Amount	YTD Var	Encumbered Amount	Available	% Available
	E06 Sub Totals:	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Expense Sub Totals:	1,226,729.00	5,000.00	46,439.07	1,180,289.93	0.00	1,180,289.93	96.21
	Dept 46500 Sub Totals:	1,226,729.00	5,000.00	46,439.07	1,180,289.93	0.00		
	Fund Revenue Sub Totals:	312,206.00	109,660.07	643,109.54	-330,903.54	0.00	-330,903.54	0.00
	Fund Expense Sub Totals:	1,226,729.00	5,000.00	46,439.07	1,180,289.93	0.00	1,180,289.93	96.21
	Fund 290 Sub Totals:	914,523.00	-104,660.07	-596,670.47	1,511,193.47	0.00		
	Revenue Totals:	312,206.00	109,660.07	643,109.54	-330,903.54	0.00	-330,903.54	0.00
	Expense Totals:	1,226,729.00	5,000.00	46,439.07	1,180,289.93	0.00	1,180,289.93	96.21
	Report Totals:	914,523.00	-104,660.07	-596,670.47	1,511,193.47	0.00		



Request for Action

TO: Faribault Economic Development Authority
FROM: Deanna Kuennen, Community & Economic Development Director
MEETING DATE: August 18, 2022
SUBJECT: Approve Contract for Private Development - Tax Increment Financing District No. 17: Riverchase Apartments (Resolution 2022-07)

BACKGROUND:

Section 3 of the EDA's Enabling Resolution establishes that the EDA is responsible for the review and processing of tax increment finance districts (TIF), and is the party that enters into private development agreements associated with TIF.

On August 10, 2022, the City Council conducted a required public hearing associated with the establishment of TIF No. 17: Riverchase Apartments. At the conclusion of the public hearing, the City Council adopted Resolution 2022-108, adopting modifications to the Development Program for Development District No. 1 and establishing Tax Increment Financing District No. 17: Riverchase Apartments. This action supports the redevelopment of the former VP Online site south of the viaduct into a 77-unit market-rate apartment with associated parking and amenities. The total project costs are estimated at \$12.95m, and the development will include:

- 4-story, 77-unit market rate apartment with varying sized apartments
- 9-foot ceilings
- Private balconies or patios for each unit
- Tuck-under garages
- Community room
- Fitness center
- Controlled access
- In-unit laundry
- Large fourth-floor deck
- On-site property management and maintenance

The EDA is now responsible for reviewing and approving the Contract for Private Development between the EDA and the developer (the TIF Agreement) associated with the projects and the TIF. This document outlines the statutes that authorize the establishment of the TIF district (economic development-workforce housing TIF), legal description of the redevelopment property, preliminary plans, and responsibilities of each party. The agreement also establishes the issuance of the "pay as you go" TIF note for qualifying costs. Based on the analysis of the project specifics, Ehlers has concluded that the district will generate approximately \$1,042m over the life of the district (nine-years), and the project pro forma submitted by the Developer indicates that the project will require \$700,000 in TIF assistance.

Staff has worked with Legal Counsel to draft the Contract for Private Development, and Legal Counsel has been working through final language with the Developer.

REQUESTED ACTION:

The EDA is asked to review and consider/approve Resolution 2022-07 Approving the Contract for Private Development By and Between the Economic Development Authority of the City of Faribault and Riverchase Apartments LLC.

ATTACHMENTS:

1. Res 2022-07 Approving CPD- Riverchase Apartments
2. DRAFT Contract for Private Development - TIF 17
3. TIF Plan - Faribault TIF 17

**ECONOMIC DEVELOPMENT AUTHORITY OF
THE CITY OF FARIBAULT, MINNESOTA**

RESOLUTION NO. 2022-07

**RESOLUTION APPROVING CONTRACT FOR PRIVATE
DEVELOPMENT WITH RIVERCHASE APARTMENTS, LLC, FOR
CERTAIN PROPERTY IN THE CITY OF FARIBAULT**

BE IT RESOLVED by the Economic Development Authority of the City of Faribault, Minnesota (the “Authority”) as follows:

Section 1. Recitals.

1.01. The Authority has determined a need to exercise the powers of an economic development authority, pursuant to Minnesota Statutes, Sections. 469.090 to 469.108 ("EDA Act").

1.02. Among the activities to be assisted by the Authority is a proposed development by Riverchase Apartments, LLC, a Minnesota limited liability company (the “Developer”), which has asked for financial assistance to help pay a portion of the costs of constructing a 77-unit market rate multi-family residential building on certain real property located within the City of Faribault, Rice County and to be platted as Lot 1, Block 1, Riverchase Addition (the “Project”).

1.03. The Authority supports private efforts to develop, redevelop, rehabilitate and renovate properties located within the City.

1.04. The Authority has received a request from the Developer to participate in funding a portion of the Project costs in an amount not to exceed \$700,000 and in the form of a pay-as-you-go tax increment financing note which will assist in funding the Project.

1.05. There has been presented before the Authority a form of Contract for Private Development between the Authority and the Developer (the “Contract for Private Development”), which sets forth the terms of the assistance and additional terms and conditions related to the Project.

1.06. The Developer proposes to utilize the financial assistance from the Authority to construct housing and therefore such assistance is not a “business subsidy” within the meaning of Minnesota Statutes, sections 116J.993 to 116J.995.

1.07. The Authority has reviewed the Contract for Private Development and finds that the execution thereof by the Authority and performance of the Authority's obligations thereunder are in the best interest of the City and its residents.

Section 2. Findings.

2.01. The recitals set forth in the preamble to this Resolution and the exhibits attached to this Resolution are incorporated into this Resolution as if fully set forth herein.

2.02. The Contract for Private Development is hereby in all respects authorized, approved and confirmed by the Authority and the President and the Secretary/Treasurer are hereby authorized and directed to execute and deliver the Contract for Private Development for and on behalf of the Authority in substantially the form now on file with the Authority, but with such modifications as shall be deemed necessary, desirable or appropriate, its execution thereof to constitute conclusive evidence of their approval of any and all modifications therein.

Section 3. Implementation.

3.01. The President and Secretary/Treasurer are authorized and directed to execute and deliver any additional agreements, certificates or other documents that the Authority determines are necessary to implement this Resolution.

3.02. The Authority directs Authority and City staff to take any appropriate action and to prepare any appropriate documents to facilitate the directives of the Authority as set forth in this Resolution and in performing its obligations under the Contract for Private Development as a whole.

3.03. The President, Secretary/Treasurer, Authority and City staff, City attorney, and Authority and City consultants are hereby authorized and directed to take any and all additional steps and actions necessary or convenient in order to accomplish the intent of this Resolution.

Section 4. Effective Date. This resolution is effective upon the date of its adoption.

Approved by the Economic Development Authority of the City of Faribault, Minnesota, this 18th day of August, 2022.

**ECONOMIC DEVELOPMENT
AUTHORITY OF THE CITY OF
FARIBAULT, MINNESOTA**

Rodney Gramse
President

Attest:

AJ Smith
Secretary/Treasurer

CONTRACT

FOR

PRIVATE REDEVELOPMENT

By and Between

THE ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF FARIBAULT

and

RIVERCHASE FARIBAULT LLC

This document drafted by:

KENNNEDY & GRAVEN, CHARTERED (SJR)
150 South Fifth Street, Suite 700
Minneapolis, MN 55402
(612) 337-9300

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EXHIBIT E	FORM OF AUTHORIZING RESOLUTION
EXHIBIT F	FORM OF INVESTMENT LETTER

CONTRACT FOR PRIVATE REDEVELOPMENT

This Contract for Private Redevelopment (the “Agreement”) is made this _____ day of _____, 2022, by and between the Economic Development Authority of the city of Faribault, a public body corporate and politic under the laws of Minnesota (“EDA”), and Riverchase Faribault LLC, a limited liability company formed under the laws of Minnesota and having its principal office at 4057 28th Street NW, Suite 200, Rochester MN 55901 (the “Redeveloper”).

WITNESSETH:

WHEREAS, the EDA finds there to exist within the community buildings that have a blighting influence on surrounding properties and are structurally substandard due to their poor physical condition or functional obsolescence and which, because of those conditions, threaten the health, safety and welfare of the community; and

WHEREAS, the EDA finds that it is in the public interest, helpful for the tax base and beneficial for the health, safety and welfare of the community as a whole to remove vacant, underutilized, obsolete, and structurally substandard buildings and to replace them with new market-rate housing; and

WHEREAS, the EDA finds that, due to market conditions which exist today and are likely to persist for the foreseeable future, the private sector alone is not able to accomplish redevelopment of the type needed within the community and, therefore, such will not occur without public intervention; and

WHEREAS, in order to foster the redevelopment described above, the City established Development District No. 1 and a Development Program associated therewith, as modified, and adopted a redevelopment project plan related thereto, to implement the goals and objectives thereof, all pursuant to Minnesota Statutes, sections 469.001 through 469.047; and

WHEREAS, the EDA established Tax Increment Financing District No. 17 – Riverchase Apartments (an economic development - workforce housing district) and adopted a tax increment financing plan related thereto, all pursuant to Minnesota Statutes, sections 469.174 through 469.1799; and

WHEREAS, the Redeveloper has proposed to redevelop the area located at 110 Riverchase Court SE, and legally described as Lot 1, Block 1, RIVERCHASE ADDITION (the “Redevelopment Property”) through a project which the EDA believes is in the vital and best interests of Faribault and the health, safety, morals, and welfare of its residents, and in accord with the public purposes and provisions of the applicable state and local laws and requirements for which Development District No. 1 and Tax Increment Financing District No. 17 – Riverchase Apartments were established; and

NOW, THEREFORE, in consideration of the covenants and the mutual obligations of the parties hereto, each of them does hereby covenant and agree with the other as follows:

ARTICLE I

Definitions

Section 1.1. Definitions. In this Agreement the following terms shall have the meanings given unless a different meaning clearly appears from the context:

“Administrative Costs” means the administrative expenses incurred by EDA as defined in section 469.174, subd. 14 of the TIF Act;

“Agreement” means this Agreement, as the same may be from time to time modified, amended, or supplemented.

“Assessor” means the county assessor of Rice County.

“Authorizing Resolution” means the resolution, in substantially the form attached hereto as Exhibit E, to be adopted by the EDA to authorize issuance of the Note;

“Available Tax Increment” means 90 percent of the Tax Increment paid to the EDA by the County with respect to the Redevelopment Property and the Minimum Improvements.

“Certificate of Completion” means the certificate, in substantially the form attached hereto as Exhibit D, which will be provided to the Redeveloper pursuant to Article IV of this Agreement.

“City” means the city of Faribault, a municipal corporation under the laws of Minnesota.

“Construction Plans” means the final plans for construction of the Minimum Improvements which shall be submitted by the Redeveloper pursuant to section 4.2 of this Agreement.

“County” means Rice County, Minnesota.

“Economic Development Authorities Act” or “EDA Act” means Minnesota Statutes, sections 469.090 through 469.108, as amended.

“EDA” has the meaning set forth in the preamble of this Agreement.

“Event of Default” means an action by the Redeveloper or EDA listed in Article VIII of this Agreement.

“Housing and Redevelopment Authorities Act” or “HRA Act” means Minnesota Statutes, sections 469.001 through 469.047, as amended.

“Material Change” means a change in the Construction Plans which may reasonably be expected to adversely affect the generation of tax increment from the Minimum Improvements.

“Maturity Date” means the date the Note has been paid in full or terminated, whichever is earlier.

“Minimum Improvements” means demolition of the existing structures and construction of a new 77-unit market rate multi-family workforce housing residential building on the Redevelopment Property. After completion of the Minimum Improvements, the term shall mean the Redevelopment Property as improved by the Minimum Improvements. The Minimum Improvements are generally depicted on Exhibit B attached hereto.

“Note” means the taxable Tax Increment Revenue Note, in substantially the form contained in the Authorizing Resolution, to be delivered by EDA to the Redeveloper pursuant to Article III of this Agreement.

“Preliminary Plans” means the preliminary plans for construction of the Minimum Improvements which have been submitted by the Redeveloper and approved by the EDA and which are attached hereto as Exhibit C.

“Qualifying Costs” means the cost of land acquisition, site preparation, demolition, utility installation, landscaping, grading, earthwork, retaining walls, storm water ponding, structured and surface parking, and all other expenditures made by the Redeveloper related to completion of the Minimum Improvements which the EDA intends to partially reimburse through the Note.

“Redeveloper” has the meaning set forth in the preamble of this Agreement.

“Redevelopment Assistance” means the financial assistance to be offered by the EDA to the Redeveloper through issuance of the Note.

“Redevelopment Plan” means the Redevelopment Plan for Redevelopment Project No. 17 which was approved by the EDA on August 18, 2022.

“Redevelopment Property” means all those properties which are included in Lot 1, Block 1 RIVERCHASE ADDITION. The Redevelopment Property is legally described in Exhibit A and depicted on Exhibit B attached hereto.

“Sale” means any conveyance of fee simple title in and to the Minimum Improvements or the Redevelopment Property, as more fully defined in Article VII of this Agreement.

“State” means the state of Minnesota.

“Substantial Completion” means completion of the Minimum Improvements to a degree allowing the issuance of a certificate of occupancy by the City’s building official.

“Tax Increment” means the tax increment, as that term is defined in Minnesota Statutes, section 469.174, subd. 25, which is paid to the EDA by the County with respect to the Redevelopment Property and the Minimum Improvements.

“Tax Increment Financing Act” or “TIF Act” means Minnesota Statutes, sections 469.174 through 469.1799, as amended.

“Tax Increment Financing District” or “TIF District” means Tax Increment Financing District No. 17 – Riverchase Apartments (an economic development - workforce housing district).

“Tax Increment Financing Plan” or “TIF Plan” means the tax increment plan for Tax Increment Financing District No. 17 – Riverchase Apartments which was approved by the EDA on August 18, 2022.

“Tax Official” means the Assessor, County auditor, County or state board of equalization, the commissioners of revenue of the State, or any State or federal district court, the tax court of the State, or the State Supreme Court.

“Termination Date” means the date Tax Increment Financing District No. 17 – Riverchase Apartments terminates, which is estimated to be after nine (9) years after the date of receipt of the first increment, or the date the Note has been paid through Available Tax Increment or terminated, whichever occurs first.

“Unavoidable Delays” means delays which are the direct result of unanticipated adverse weather conditions; strikes or other labor troubles; shortages of materials or labor; fire or other casualty to the Minimum Improvements; litigation commenced by third parties which, by injunction or other similar judicial action, directly results in delays; or, except those of the EDA or the City reasonably contemplated by this Agreement, any acts or omissions of any federal, State or local governmental unit which directly result in delays in construction of the Minimum Improvements; approved changes to the Construction Plans that result in delays; delays caused by the discovery of any previously unknown adverse environmental condition on or within the Redevelopment Property to the extent reasonably necessary to comply with federal and state environmental laws, regulations, orders or agreements; unanticipated future local events occurring within such proximity of the Redevelopment Property, and not caused by nor within the control of the Redeveloper, having a significantly adverse impact upon the marketability and reasonable profitability of the Minimum Improvements; and any other cause or force majeure beyond the control of the Redeveloper which directly results in delays.

Section 1.2. Exhibits. The following exhibits are attached to and by reference made a part of this Agreement:

- Exhibit A. Legal description of the Redevelopment Property
- Exhibit B. Depiction of the Redevelopment Property and Minimum Improvements
- Exhibit C. Preliminary Plans
- Exhibit D. Form of Certificate of Completion
- Exhibit E. Form of Authorizing Resolution
- Exhibit F. Form of Investment Letter

Section 1.3. Rules of Interpretation. (a) This Agreement shall be interpreted in accordance with and governed by the laws of Minnesota.

(b) The words “herein” and “hereof” and words of similar import, without reference to any particular section or subdivision, refer to this Agreement as a whole rather than any particular section or subdivision hereof.

(c) References herein to any particular section or subdivision hereof are to the section or subdivision of this Agreement as originally executed.

(d) Any titles of the several parts, articles and sections of this Agreement are inserted for convenience and reference only and shall be disregarded in construing or interpreting any of its provisions.

Section 1.4. Incorporation of Recitals and Exhibits. The Recitals set forth in the preamble to this Agreement and the Exhibits attached to this Agreement are incorporated into this Agreement as if fully set forth herein.

ARTICLE II

Representations and Warranties

Section 2.1. Representations by the EDA. The EDA makes the following representations as the basis for the undertaking on its part herein contained:

(a) The EDA is an economic development authority duly organized and existing under the EDA Act. EDA has the authority to enter into this Agreement and carry out its obligations hereunder.

(b) The individual(s) executing this Agreement and related agreements and documents on behalf of the EDA has the authority to do so and to bind the EDA by their actions.

(c) Development District No. 1 is a development district within the meaning of the Minnesota Statutes, section 469.125, subd. 9.

(d) TIF District No. 17 – Riverchase Apartments is an economic development - workforce housing tax increment financing district within the meaning of the TIF Act and was created, adopted and approved in accordance with the TIF Act.

(e) There are no previous agreements to which the EDA is a party pertaining to the Redevelopment Property which would preclude the parties from entering into this Agreement or which would impede the fulfillment of the terms and conditions of this Agreement.

(f) The activities of the EDA pursuant to this Agreement are undertaken pursuant to the Redevelopment Plan and are for the purpose of redevelopment of the Redevelopment Property by removing the structurally substandard structures currently existing on the Redevelopment Property and replacing them with new market-rate housing.

(g) The EDA will act in a timely manner to consider all approvals required under this Agreement and will cooperate with the Redeveloper in seeking consideration by the City of approvals which must be granted by the City.

Section 2.2. Representations and Warranties by the Redeveloper. The Redeveloper makes the following representations and warranties as the basis for the undertaking on its part herein contained:

(a) The Redeveloper is a limited liability company validly existing under the laws of the State of Minnesota. The Redeveloper has the authority to enter into this Agreement and carry out its obligations hereunder.

(b) The Redeveloper will attempt to acquire the Redevelopment Property in fee title.

(c) The persons executing this Agreement and related agreements and documents on behalf of the Redeveloper have the authority to do so and to bind the Redeveloper by their actions.

(d) Upon acquisition of the Redevelopment Property, the Redeveloper will demolish the existing improvements and construct the Minimum Improvements in substantial accordance with the terms of this Agreement, the Redevelopment Plan, the TIF Plan, the Construction Plans and all local, State and federal laws and regulations, including, but not limited to, environmental, zoning, building code and public health laws and regulations.

(e) The Redeveloper will apply for and use all reasonable efforts to obtain, in a timely manner, all required permits, licenses and approvals from the EDA and the City, and will meet, in a timely manner, the requirements of all applicable local, State, and federal laws and regulations which must be obtained or met before the Minimum Improvements may be lawfully constructed or used for their intended purpose.

(f) The Redeveloper has analyzed the economics of acquisition of the Redevelopment Property, the cost of site improvements, including installation of any necessary utilities and demolition of the improvements currently thereon and construction of the Minimum Improvements and concluded that, absent the Redevelopment Assistance to be offered under this Agreement, it would not undertake this project.

(g) Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this Agreement is prevented, limited by or conflicts with or results in a breach of, the terms, conditions or provisions of any corporation organizational documents or any evidence of indebtedness, agreement or instrument of whatever nature to which the Redeveloper is now a party or by which it is bound, or constitutes a default under any of the foregoing.

Section 2.3. Redeveloper Responsible for Costs. The Redeveloper agrees to pay to the EDA an administrative fee in the amount necessary to reimburse EDA for its reasonable costs and expenses in reviewing the redevelopment proposal, including the drafting and negotiation of this Agreement. The EDA may require the Redeveloper to deposit funds with the EDA, in an amount to be determined by the EDA, in order to cover the Redeveloper's obligations under this section. In the event that the deposit made herein reaches \$1,000.00, the EDA may require the Redeveloper to deposit an additional amount as may be deemed necessary by the EDA to pay for its future expenses. Upon the EDA's request for additional funds, the Redeveloper shall deposit such funds with EDA within 10 days.

ARTICLE III

Acquisition of Redevelopment Property; Redevelopment Assistance

Section 3.1. Acquisition of Redevelopment Property. The Redeveloper shall acquire the Redevelopment Property in fee no later than December 31, 2022. The EDA makes no representations to the Redeveloper regarding the suitability of the Redevelopment Property or the Minimum Improvements for the use and purpose intended by the Redeveloper. The failure by Redeveloper to close on the purchase of the Redevelopment Property by December 31, 2022 shall result in this Agreement being canceled and terminated and of no further force and/or effect without any action by any party hereto, and neither party shall have any liability to the other in connection with such termination or cancellation.

Section 3.2. Issuance of Pay-As-You-Go Note. (a) In consideration of the Redeveloper constructing the Minimum Improvements and to finance the reimbursement of the Qualifying Costs, the EDA will issue and the Redeveloper will purchase the Note in the principal amount of \$700,000.00 in substantially the form set forth in the Authorizing Resolution attached hereto as Exhibit E. The EDA and the Redeveloper agree that the consideration from the Redeveloper for the purchase of the Note will consist of the Redeveloper's payment of the Qualifying Costs of land acquisition, site preparation, including demolition and utility installation, and other expenditures which are eligible for reimbursement with Tax Increment and which are incurred by the Redeveloper in at least the principal amount of the Note. The EDA will deliver the Note upon satisfaction by the Redeveloper of all the conditions precedent specified in section 3.3 of this Agreement.

(b) The Redeveloper understands and acknowledges that the EDA makes no representations or warranties regarding the amount of Available Tax Increment, or that revenues pledged to the Note will be sufficient to pay the principal of and interest on the Note. Any estimates of Tax Increment prepared by the EDA or its financial advisors in connection with the TIF District or this Agreement are for the sole benefit of the EDA and are not intended as representations on which the Redeveloper may rely.

Section 3.3. Conditions Precedent to Issuance of Note. Notwithstanding anything in this Agreement to the contrary, the EDA shall not be obligated to issue the Note until all of the following conditions precedent have been satisfied:

- (a) The Redeveloper has acquired the Redevelopment Property in fee;
- (b) The Redeveloper has submitted and the EDA has approved the Construction Plans;
- (c) The Redeveloper has constructed the Minimum Improvements and the EDA has issued the Certificate of Completion;
- (d) The Redeveloper has submitted evidence it has paid for the Qualifying Costs, including paid receipts and lien waivers;
- (e) The Redeveloper has reimbursed the EDA for all of its administrative costs incurred in conjunction with the processing of Redeveloper's request;

- (f) The Redeveloper has submitted the Investment Letter; and
- (g) There has been no Event of Default on the part of the Redeveloper which has not been cured.

Section 3.4. Records. The EDA and its representatives will have the right at all reasonable times after reasonable notice to inspect, examine and copy invoices paid by Redeveloper and/or its general contractor relating to the Minimum Improvements and the Qualifying Costs for which the Redeveloper will be reimbursed under the Note.

Section 3.5. No Business Subsidy. The Redeveloper proposes to utilize the financial assistance from EDA to construct workforce housing and therefore such assistance is not a “business subsidy” within the meaning of Minnesota Statutes, sections 116J.993 to 116J.995.

ARTICLE IV

Construction of Minimum Improvements

Section 4.1. Construction of Minimum Improvements. If the Redeveloper acquires the Redevelopment Property in accordance with the terms of this Agreement, the Redeveloper agrees that it will construct the Minimum Improvements on the Redevelopment Property in accordance with the Construction Plans. The Redeveloper acknowledges that, in addition to the requirements of this Agreement, construction of the Minimum Improvements will necessitate compliance with other reviews and approvals by the City and possibly other governmental agencies and, to the extent such approvals have not already been obtained, agrees to submit all applications for and pursue to their conclusion all other approvals needed prior to constructing the Minimum Improvements.

Section 4.2. Preliminary and Construction Plans. (a) The Redeveloper has submitted and EDA has approved the Preliminary Plans listed in Exhibit C attached hereto. Prior to beginning construction on the Minimum Improvements, the Redeveloper shall submit dated Construction Plans to EDA. The Construction Plans shall provide for the construction of the Minimum Improvements and shall be in substantial conformity with the Preliminary Plans and this Agreement. The EDA will approve the Construction Plans if they (1) are consistent with the Preliminary Plans; (2) conform to all applicable federal, State and local laws, ordinances, rules and regulations; (3) are adequate to provide for the construction of the Minimum Improvements; (4) conform to the State building code; and (5) if there has occurred no uncured Event of Default on the part of the Redeveloper. Except as otherwise set forth herein, no approval by EDA shall relieve the Redeveloper of the obligation to comply with the terms of this Agreement, the terms of all applicable federal, State and local laws, ordinances, rules and regulations in the construction of the Minimum Improvements. Except as otherwise set forth herein, no approval by EDA shall constitute a waiver of an Event of Default.

(b) If the Redeveloper desires to make any Material Change or any other change in the Construction Plans affecting the size, height, footprint, exterior building materials, or any other change regarding the Minimum Improvements which would also require approval under any applicable code, ordinance or regulation after approval by the EDA, the Redeveloper shall submit the proposed change to the EDA for its prior written approval. If the proposed change is consistent with the Preliminary Plans or is otherwise acceptable to the EDA and meets all other

requirements of section 4.2(a) above, the EDA shall approve the proposed change. Such change in the Construction Plans shall be deemed approved by the City unless rejected, in whole or in part, by written notice by the EDA to the Redeveloper, setting forth in detail the reasons therefore. Such rejection shall be made within 30 business days after receipt of the written notice of such change from the Redeveloper.

Section 4.3. Commencement and Completion of Construction. Subject to Unavoidable Delays, the Redeveloper shall commence construction of the Minimum Improvements by no later than October 1, 2022. The Redeveloper shall substantially complete the Minimum Improvements by December 31, 2023. All work with respect to the Minimum Improvements to be constructed or provided by the Redeveloper on the Redevelopment Property shall be in conformity with the Construction Plans. The Redeveloper shall make such reports to the EDA regarding construction of the Minimum Improvements as the EDA deems necessary or helpful in order to monitor progress on construction of the Minimum Improvements.

Section 4.4. Certificate of Completion. (a) After Substantial Completion of the Minimum Improvements in accordance with the Construction Plans and all terms of this Agreement and at the written request of the Redeveloper, the EDA will, within 20 days thereafter, furnish the Redeveloper with an appropriate certificate so certifying in the form of Exhibit D attached hereto. Such certification by EDA shall be a conclusive determination of satisfaction and termination of the agreements and covenants in this Agreement with respect to the obligations of the Redeveloper to construct the Minimum Improvements and the dates for the beginning and completion thereof. Following issuance of the Certificate of Completion pursuant to this section, the sole outstanding obligation is for the EDA to issue the Note and to make payments thereunder, subject to the terms of this Agreement and the Note.

(b) The Certificate of Completion shall be in such form as will enable it to be recorded in the proper County office for the recordation of deeds and other instruments pertaining to the Redevelopment Property. If the EDA shall refuse to provide such certification in accordance with the provisions of this section 4.4, the EDA shall promptly notify Redeveloper of the same within 20 days following receipt of request therefore from Redeveloper and shall provide the Redeveloper with a written statement, indicating in adequate detail in what respects the Redeveloper has failed to complete the relevant portion of the Minimum Improvements in accordance with the provisions of the Agreement, or is otherwise in default of a material term of this Agreement, and what measures or acts will be necessary, in the opinion of EDA, for the Redeveloper to take or perform in order to obtain such certification. If the EDA fails to issue such a written statement within such 20-day period, the EDA shall be deemed to have waived its right to do so and shall be deemed to have issued a Certificate of Completion to the Redeveloper. The Redeveloper shall have 60 days following receipt of the EDA's written response to cure or agree to terms with the EDA regarding issues to be resolved prior to the Redeveloper obtaining a Certification of Completion from the EDA.

ARTICLE V

Insurance

Section 5.1. Insurance. The Redeveloper or its general contractor will provide and maintain at all times during the process of constructing the Minimum Improvements a Special Form Basis Insurance Policy and, from time to time during that period, at the request of the EDA, furnish the EDA with proof of payment of premiums on policies covering the following:

- (i) Builder's risk insurance, written on the so-called "Builder's Risk – Completed Value Basis," in an amount equal to one hundred percent (100%) of the insurable value of the applicable portion of the Minimum Improvements at the date of completion, and with coverage available in reporting form on the so-called "special" form of policy;
- (ii) Commercial general liability insurance (including operations, contingent liability, operations of subcontractors, completed operations and contractual liability insurance) with limits against bodily injury and property damage of not less than \$2,000,000 for each occurrence (to accomplish the above-required limits, an umbrella excess liability policy may be used); and
- (iii) Workers' compensation insurance, with statutory coverage.

Section 5.2. Evidence of Insurance. (a) All insurance required in this Article V of this Agreement must be taken out and maintained with responsible insurance companies selected by the Redeveloper which are authorized under the laws of Minnesota to assume the risks covered thereby. In lieu of separate policies, the Redeveloper may maintain a single policy, blanket or umbrella policies, or a combination thereof, having the coverage required herein. Upon written request by the EDA, the Redeveloper agrees to deposit with the EDA a certificate or certificates or binders of the respective insurers stating that such insurance is in force and effect

- (b) The required insurance provisions set forth in this Article V will terminate upon the issuance of the Certificate of Completion.

ARTICLE VI

Payment of Taxes; Use of Tax Increment

Section 6.1. Taxes. (a) The Redeveloper agrees to pay before delinquency directly to the taxing authority, all taxes, general and special assessments, and other public charges levied upon or assessed against the Redevelopment Property and any buildings, structures, fixtures, or improvements thereon which first become due during the term of this Agreement.

- (b) The Redeveloper understands that any successful contest or challenge to the legality, validity or amount of taxes payable with respect to the Redevelopment Property will reduce the amount of Available Tax Increment and may adversely affect the EDA's ability to fully pay the Note prior to the Termination Date.

Section 6.2. Use of Tax Increment. Except as provided for in this Agreement, the EDA shall be free to use any Tax Increment it receives from the County with respect to TIF District No. 17 – Riverchase Apartments for any purpose for which such increment may lawfully be used under the TIF Act and the EDA shall have no obligations to the Redeveloper with respect to the use of such Tax Increment.

ARTICLE VII

Restrictions on Sale of Minimum Improvements

Section 7.1. Prohibition Against Sale of Minimum Improvements. The Redeveloper represents and agrees that its use of the Redevelopment Property and its other undertakings pursuant to the Agreement, are, and will be, used for the purpose of construction of the Minimum Improvements on the Redevelopment Property and not for speculation in land holding. The Redeveloper represents and agrees that, prior to the issuance of a Certificate of Completion regarding the Minimum Improvements, there shall be no Sale of the Redevelopment Property or the Minimum Improvements constructed thereon nor shall the Redeveloper suffer any such Sale to be made, without the prior written approval of the EDA. As a condition of approval of any such Sale, the EDA shall require, at a minimum, that the proposed transferee shall have entered into an agreement whereby the transferee expressly assumes all of the Redeveloper's obligations under this Agreement. Any such agreement shall include the EDA as a party and otherwise be in form and substance reasonably acceptable to the EDA.

ARTICLE VIII

Events of Default

Section 8.1. Events of Default Defined. Each and every one of the following shall be an Event of Default under this Agreement:

- (a) Failure by the Redeveloper to acquire the Redevelopment Property in accordance with Article III of this Agreement;
- (b) Failure by the Redeveloper to seek approvals from the City and other entities necessary in order to construct the Minimum Improvements;
- (c) Failure by the Redeveloper to commence and complete construction of the Minimum Improvements pursuant to the terms, conditions and limitations of Article IV of this Agreement, including the timing thereof, unless such failure is caused by an Unavoidable Delay or waived by the Redeveloper and EDA;
- (d) Failure by the Redeveloper to provide and maintain any insurance required to be provided and maintained by Article V;
- (e) If the Redeveloper shall file a petition in bankruptcy, or shall make an assignment for the benefit of its creditors or shall consent to the appointment of a receiver;

(f) Failure by the Redeveloper to reimburse the EDA for its administrative expenses associated with the processing of Redeveloper's requests, or to make the necessary escrow deposits pursuant to Section 2.3;

(g) Sale of the Redevelopment Property or the Minimum Improvements, or any portion thereof, by the Redeveloper in violation of Article VII of this Agreement; or

(h) Failure by either party to observe or perform any material covenant, condition, obligation or agreement on its part to be observed or performed under this Agreement.

Section 8.2. Remedies on Default. Whenever any Event of Default referred to in section 8.1 of this Agreement occurs, then the non-defaulting party may take any one or more of the following actions after providing 30 days written notice to the defaulting party of the Event of Default, but only if the Event of Default has not been cured within said 30 days from the receipt of Notice or, if the Event of Default is by its nature incurable within 30 days, the defaulting party does not provide assurances to the non-defaulting party reasonably satisfactory to the non-defaulting party that the Event of Default will be cured and will be cured as soon as reasonably possible:

(a) Suspend its performance under this Agreement until it receives assurances from the defaulting party, deemed adequate by the non-defaulting party, that the defaulting party will cure its default and continue its performance under this Agreement;

(b) If the default occurs prior to completion of the Minimum Improvements, the EDA may withhold any undelivered Certificate of Completion until such default is cured;

(c) Take whatever action, including legal or administrative action, which may appear necessary or desirable to the non-defaulting party to collect any payments due under this Agreement, including reimbursement of the Redevelopment Assistance previously granted, or to enforce performance and observance of any obligation, agreement, or covenant of the defaulting party under this Agreement.

Section 8.3. No Remedy Exclusive. No remedy conferred herein or reserved to the parties is intended to be exclusive of any other available remedy or remedies, but each and every remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the EDA or the Redeveloper to exercise any remedy reserved to it, it shall not be necessary to give notice, other than such notice as may be required in Article IX of this Agreement.

Section 8.4. No Additional Waiver Implied by One Waiver. In the event any covenant or agreement contained in this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other concurrent, previous or subsequent breach hereunder.

ARTICLE IX

Additional Provisions

Section 9.1. Conflict of Interests; Representatives Not Individually Liable. No member, official, or employee of the EDA shall have any personal financial interest, direct or indirect, in this Agreement, nor shall any such member, official, or employee participate in any decision relating to the Agreement which affects his or her personal financial interests or the interests of any corporation, partnership, or association in which he or she is, directly or indirectly, interested. No member, official, or employee of the EDA shall be personally liable to the Redeveloper, or any successor in interest, in the event of any default or breach or for any amount which may become due or on any obligations under the terms of this Agreement.

Section 9.2. Equal Employment Opportunity. The Redeveloper, for itself and its successors and assigns, agrees that during the construction of the Minimum Improvements provided for in this Agreement, it will comply with all applicable equal employment and nondiscrimination laws and regulations.

Section 9.3. Restrictions on Use. The Redeveloper agrees that through the Termination Date it will use the Minimum Improvements for only such uses as permitted under the City's land use regulations.

Section 9.4. Notices and Demands. Except as otherwise expressly provided in this Agreement, any notice, demand, or other communication under the Agreement or any related document by either party to the other shall be sufficiently given or delivered if it is dispatched by registered or certified United States mail, postage prepaid, return receipt requested, or delivered personally to:

- | | |
|-------------------------------------|--|
| (a) in the case of the Redeveloper: | Riverchase Faribault LLC
4057 28 th Street NW, Suite 200
Rochester, MN 55901
Attn: Mac Hamilton |
| (b) in the case of EDA: | Economic Development Authority of the
City of Faribault
208 1 st Avenue Northwest
Faribault, Minnesota 55021
Attn: Executive Director |
| and with a copy to: | Kennedy & Graven, Chartered
150 South Fifth Street, Suite 700
Minneapolis, MN 55402
Attn: Scott J. Riggs |

or at such other address with respect to either such party as that party may, from time to time, designate in writing and forward to the other as provided in this section 9.4.

Section 9.5. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument.

Section 9.6. Disclaimer of Relationships. The Redeveloper acknowledges that nothing contained in this Agreement nor any act by the EDA or the Redeveloper shall be deemed or construed by the Redeveloper or by any third person to create any relationship of third-party beneficiary, principal and agent, limited or general partner, or joint venture between EDA and the Redeveloper.

Section 9.7. Amendment. This Agreement may be amended only by the written agreement of the parties.

Section 9.8. Recording. The EDA intends to record this Agreement among the land records of Rice County, Minnesota and the Redeveloper agrees to pay for the cost of recording same.

Section 9.9. Indemnity. The Redeveloper hereby agrees that the EDA, and its governing body members, officers, agents, and employees shall not be liable for, and hereby agrees to indemnify and hold harmless the same, against any loss or claims arising under this Agreement, except for losses or claims arising out of the acts or omissions of the EDA.

Section 9.10. Titles of Articles and Sections. Any titles of the several parts, articles, and sections of this Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

Section 9.11. Governing Law; Venue. This Agreement shall be construed in accordance with the laws of Minnesota. Any dispute arising from this Agreement shall be heard in the State or federal courts of Minnesota, and all parties waive any objection to the jurisdiction thereof, whether based on convenience or otherwise.

IN WITNESS WHEREOF, the EDA and the Redeveloper have caused this Agreement to be duly executed in their names and behalves on or as of the date first above written.

**ECONOMIC DEVELOPMENT AUTHORITY
OF THE CITY OF FARIBAULT:**

By: _____
Rodney Gramse
Its: President

By: _____
A. J. Smith
Its: Secretary

STATE OF MINNESOTA)
) ss.
COUNTY OF RICE)

The foregoing instrument as acknowledged before me this _____ day of _____, 2022, by Rodney Gramse and A. J. Smith, the President and Secretary of the Economic Development Authority of the city of Faribault, a public body corporate and politic under the laws of Minnesota, on behalf of the Economic Development Authority.

Notary Public

REDEVELOPER:

By: _____
Mac Hamilton
Its: Chief Manager

STATE OF MINNESOTA)
) ss.
COUNTY OF _____)

The foregoing instrument was executed before me this _____ day of _____, 2022, by Mac Hamilton, the Chief Manager of Riverchase Faribault LLC, a limited liability company formed under the laws of Minnesota, on behalf of the company.

Notary Public

**EXHIBIT A TO
REDEVELOPMENT AGREEMENT**

LEGAL DESCRIPTION OF REDEVELOPMENT PROPERTY

A portion of the following described Property:

[INSERT LEGAL DESCRIPTION]

To be platted as:

Lot 1, Block 1 of RIVERCHASE ADDITION, according to the recorded plat thereof on file and of record in the office of the County Recorder in and for Rice County, Minnesota.

**EXHIBIT B TO
REDEVELOPMENT AGREEMENT
DEPICTION OF THE REDEVELOPMENT PROPERTY
AND MINIMUM IMPROVEMENTS**

**EXHIBIT C TO
REDEVELOPMENT AGREEMENT
PRELIMINARY PLAN DOCUMENTS**

Those plans titled “RIVERCHASE MULTI-FAMILY APARTMENTS” dated July 28, 2022, and prepared by CRW architecture + design group, which are on file at the offices of the City Planner at Faribault City Hall.

**EXHIBIT D TO
REDEVELOPMENT AGREEMENT

FORM OF
CERTIFICATE OF COMPLETION**

WHEREAS, the Economic Development Authority of the City of Faribault, a public body corporate and politic under the laws of Minnesota ("EDA"), and Riverchase Faribault, LLC, a limited liability company formed under the laws of the state of Minnesota (the "Redeveloper"), have entered into a certain Contract for Private Redevelopment (the "Agreement") dated the ____ day of August, 2022, and recorded in the office of the County Recorder or Registrar in Rice County, Minnesota, as Document No. _____, which Agreement contained certain covenants and restrictions regarding completion of the Minimum Improvements, as defined in the Agreement; and

WHEREAS, the Redeveloper has performed said covenants and conditions in a manner deemed sufficient by the EDA to permit the execution and recording of this certification.

NOW, THEREFORE, this is to certify that all construction of the Minimum Improvements specified to be done and made by the Redeveloper has been completed and the covenants and conditions in the Agreement have been performed by the Redeveloper, and the County Recorder in Rice County, Minnesota, is hereby authorized to accept for recording and to record the filing of this instrument, to be a conclusive determination of the satisfactory termination of the covenants and conditions relating to completion of the Minimum Improvements and the expiration of certain obligations contained in the Agreement to the extent expressly provided for therein. Unless otherwise expressly provided in the Agreement, Redeveloper shall be deemed to have satisfied its obligations under the Agreement.

Dated: _____.

**ECONOMIC DEVELOPMENT AUTHORITY
OF THE CITY OF FARIBAULT**

By _____
Executive Director

STATE OF MINNESOTA)
) ss.
COUNTY OF RICE)

The foregoing instrument as acknowledged before me this ____ day of _____, 20__, by _____, the executive director of the Economic Development Authority of the City of Faribault, a public body corporate and politic under the laws of Minnesota, on behalf of the Economic Development Authority.

Notary Public

**EXHIBIT E TO
REDEVELOPMENT AGREEMENT**

FORM OF AUTHORIZING RESOLUTION

ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF FARIBAULT

RESOLUTION NO. _____

**RESOLUTION APPROVING THE ISSUANCE OF, AND
PROVIDING THE FORM, TERMS, COVENANTS AND
DIRECTIONS FOR THE ISSUANCE OF ITS TAXABLE
TAX INCREMENT REVENUE NOTE, SERIES 2022 IN AN
AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED
\$700,000**

BE IT RESOLVED BY the Economic Development Authority of the City of Faribault (“EDA”), as follows:

Section 1. Authorization; Award of Sale.

1.01. Authorization. The EDA has heretofore approved the establishment of Tax Increment Financing District No. 17 – Riverchase Apartments (the “TIF District”) within Development District No. 1 (“Redevelopment Project”) and has adopted a tax increment financing plan for the purpose of financing certain improvements within the Redevelopment Project.

Pursuant to Minnesota Statutes, Section 469.178, the EDA is authorized to issue and sell its bonds for the purpose of financing a portion of the public development costs of the Redevelopment Project. The bonds are payable from all or any portion of revenues derived from the TIF District and pledged to the payment of the bonds. The EDA hereby finds and determines that it is in the best interests of EDA that it issue and sell its taxable Tax Increment Revenue Note, Series 2022 (the “Note”), in the aggregate principal amount of \$700,000, for the purpose of financing certain public costs of the Redevelopment Project.

1.02. Agreement Approved; Issuance, Sale and Terms of the Note. The EDA has previously approved the Contract for Private Redevelopment (the “Agreement”) between the EDA and Riverchase Faribault, LLC (the “Owner”), and has authorized the Executive Director and President to execute the Agreement. Pursuant to the Agreement, the Note will be sold to the Owner. The Note will be dated as of the date of delivery and will bear interest at the rate of 4.5% per annum to the earlier of maturity or prepayment. In exchange for the EDA’s issuance of the Note to the Owner, the Owner will pay certain costs related to the Minimum Improvements (the Qualifying Costs, as defined in the Agreement) pursuant to Section 3.2 of the Agreement. The Note will be delivered in the principal amount of \$700,000 for reimbursement of the Owner’s costs in accordance with the terms of Section 3.3 of the Agreement.

Section 2. Form of Note. The Note will be in substantially the following form, with the blanks to be properly filled in and the principal amount and payment schedule adjusted as of the date of issue:

UNITED STATE OF AMERICA
STATE OF MINNESOTA
RICE COUNTY
ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF FARIBAULT

No. R-1 \$700 ,000

TAXABLE TAX INCREMENT REVENUE NOTE
SERIES 2022

<u>Rate</u>	<u>Date of Original Issue</u>
4.5%	_____

The Economic Development Authority of the City of Faribault (“EDA”), for value received, certifies that it is indebted and hereby promises to pay to Riverchase Faribault, LLC, or registered assigns (the “Owner”), the principal sum of \$700,000 and to pay interest thereon at the rate of 4.5 percent per annum, as and to the extent set forth herein.

1. Payments. Principal and interest (“Payments”) are estimated to be paid on August 1, 2024, and each February 1 and August 1 thereafter to and including February 1, 2033 (“Payment Dates”), in the amounts and from the sources set forth in Section 3 herein. Payments will be applied first to accrued interest, and then to unpaid principal.

Payments are payable by mail to the address of the Owner or any other address as the Owner may designate upon 30 days written notice to EDA. Payments on this Note are payable in any coin or currency of the United States of America which, on the Payment Date, is legal tender for the payment of public and private debts.

2. Interest. Interest at the rate stated herein will accrue on the unpaid principal, commencing on the date of original issue. Interest will be computed on the basis of a year of 360 days and charged for actual days principal is unpaid.

3. Available Tax Increment. Payments on this Note are payable on each Payment Date in the amount of and solely payable from “Available Tax Increment,” which will mean, on each Payment Date, 90 percent of the Tax Increment attributable to the Redevelopment Property (defined in the Agreement) and paid to the EDA by Rice County in the six months preceding the Payment Date, all as the terms are defined in the Contract for Private Redevelopment between the EDA and Owner dated as of August __, 2022 (the “Agreement”). Available Tax Increment will not include any Tax Increment if, as of any Payment Date, there is an uncured Event of Default by the Owner under the Agreement.

The EDA will have no obligation to pay principal of and interest on this Note on each Payment Date from any source other than Available Tax Increment, and the failure of the EDA to pay the entire amount of principal or interest on this Note on any Payment Date will not constitute a default hereunder as long as the EDA pays principal and interest hereon to the extent of Available Tax Increment. The EDA will have no obligation to pay unpaid balance of principal or accrued interest that may remain after the final Payment on February 1, 2033.

4. Optional Prepayment. The principal sum and all accrued interest payable under this Note is prepayable in whole or in part at any time by EDA without premium or penalty. No partial prepayment will affect the amount or timing of any other regular payment otherwise required to be made under this Note.

5. Termination. At the EDA's option, this Note will terminate and the EDA's obligation to make any payments under this Note will be discharged upon the occurrence of an Event of Default on the part of the Redeveloper as defined in Section 8.1 of the Agreement, but only if the Event of Default has not been cured in accordance with Section 8.2 of the Agreement.

6. Nature of Obligation. This Note is a single note in the total principal amount of \$700,000 issued to aid in financing certain public redevelopment costs and administrative costs of a Redevelopment Project undertaken by the EDA pursuant to Minnesota Statutes, Sections 469.001 through 469.047, as amended, and is issued pursuant to an authorizing resolution (the "Resolution") duly adopted by the EDA on August 18, 2022, and pursuant to and in full conformity with the Constitution and laws of the State of Minnesota, including Minnesota Statutes, Sections 469.174 to 469.179, as amended. This Note is a limited obligation of the EDA which is payable solely from Available Tax Increment pledged to the payment hereof under the Resolution. This Note and the interest hereon will not be deemed to constitute a general obligation of the State of Minnesota or any political subdivision thereof, including, without limitation, the EDA or the city of Faribault. Neither the State of Minnesota, nor any political subdivision thereof will be obligated to pay the principal of or interest on this Note or other costs incident hereto except out of Available Tax Increment, and neither the full faith and credit nor the taxing power of the State of Minnesota or any political subdivision thereof is pledged to the payment of the principal of or interest on this Note or other costs incident hereto.

7. Estimated Tax Increment Payments. Any estimates of Tax Increment prepared by the EDA or its financial advisors in connection with the TIF District or the Agreement are for the benefit of the EDA, and are not intended as representations on which the Owner may rely.

The EDA MAKES NO REPRESENTATION OR WARRANTY THAT THE AVAILABLE TAX INCREMENT WILL BE SUFFICIENT TO PAY THE PRINCIPAL OF AND INTEREST ON THIS NOTE.

8. Registration and Transfer. This Note is issuable only as a fully registered note without coupons. As provided in the Resolution, and subject to certain limitations set forth therein, this Note is transferable upon the books of the EDA kept for that purpose at the principal office of the Executive Director of the EDA as Registrar, by the Owner hereof in person or by the Owner's attorney duly authorized in writing, upon surrender of this Note together with a written instrument of transfer satisfactory to the EDA, duly executed by the Owner. Upon the

transfer or exchange and the payment by the Owner of any tax, fee, or governmental charge required to be paid by the EDA with respect to the transfer or exchange, there will be issued in the name of the transferee a new Note of the same aggregate principal amount, bearing interest at the same rate and maturing on the same dates.

This Note will not be transferred to any person other than an affiliate, or other related entity, of the Owner unless the EDA has been provided with an investment letter in a form substantially similar to the investment letter submitted by the Owner or a certificate of the transferor, in a form satisfactory to the EDA, that the transfer is exempt from registration and prospectus delivery requirements of federal and applicable state securities laws. Notwithstanding the foregoing, Owner may grant, pledge and assign to its construction lender, to secure full payment and performance of its obligations under the loan, all of Owner's right, title and interest in and to this Note.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions, and things required by the Constitution and laws of the State of Minnesota to be done, to exist, to happen, and to be performed in order to make this Note a valid and binding limited obligation of the EDA according to its terms, have been done, do exist, have happened, and have been performed in due form, time and manner as so required.

IN WITNESS WHEREOF, the board of commissioners of the Economic Development Authority of the City of Faribault, has caused this Note to be executed with the manual signatures of its President and Executive Director, all as of the Date of Original Issue specified above.

**ECONOMIC DEVELOPMENT AUTHORITY
OF THE CITY OF FARIBAULT**

President

Executive Director

REGISTRATION PROVISIONS

The ownership of the unpaid balance of the within Note is registered in the bond register of the Executive Director of the EDA, in the name of the person last listed below.

<u>Date of Registration</u>	<u>Registered Owner</u>	<u>Signature of EDA Executive Director</u>
	Riverchase Faribault, LLC 4057 28 th Street NW, Suite 200 Rochester, MN 55901 Federal Tax ID # _____	

[End of Form of Note]

Section 3. Terms, Execution and Delivery.

3.01. Denomination, Payment. The Note will be issued as a single typewritten note numbered R 1.

The Note will be issuable only in fully registered form. Principal of and interest on the Note will be payable by check or draft issued by the Registrar described herein.

3.02. Dates; Interest Payment Dates. Principal of and interest on the Note will be payable by mail to the owner of record thereof as of the close of business on the fifteenth day of the month preceding the Payment Date, whether or not the day is a business day.

3.03. Registration. The EDA hereby appoints the Executive Director to perform the functions of registrar, transfer agent and paying agent (the "Registrar"). The effect of registration and the rights and duties of the EDA and the Registrar with respect thereto will be as follows:

(a) Register. The Registrar will keep at their office a bond register in which the Registrar will provide for the registration of ownership of the Note and the registration of transfers and exchanges of the Note.

(b) Transfer of Note. Upon surrender for transfer of the Note duly endorsed by the registered owner thereof or accompanied by a written instrument of transfer, in a form reasonably satisfactory to the Registrar, duly executed by the registered owner thereof or by an attorney duly authorized by the registered owner in writing, the Registrar will authenticate and deliver, in the name of the designated transferee or transferees, a new Note of a like aggregate principal amount and maturity, as requested by the transferor. Notwithstanding the foregoing, the Note will not be transferred except (1) to any person other than an affiliate, or other related entity, of the Owner unless the EDA has been provided with an investment letter in a form substantially similar to the investment letter submitted by the Owner or a certificate of the transferor, in a form satisfactory to the EDA, that the transfer is exempt from registration and

prospectus delivery requirements of federal and applicable state securities laws, or (2) to the note holder's construction lender to secure full payment and performance of its obligations under the loan. The Registrar may close the books for registration of any transfer after the fifteenth day of the month preceding each Payment Date and until the Payment Date.

(c) Cancellation. The Note surrendered upon any transfer will be promptly cancelled by the Registrar and thereafter disposed of as directed by the EDA.

(d) Improper or Unauthorized Transfer. When the Note is presented to the Registrar for transfer, the Registrar may refuse to transfer the same until they are satisfied that the endorsement on the Note or separate instrument of transfer is legally authorized. The Registrar will incur no liability for their refusal, in good faith, to make transfers which they, in their judgment, deem improper or unauthorized.

(e) Persons Deemed Owners. The EDA and the Registrar may treat the person in whose name the Note is at any time registered in the bond register as the absolute owner of the Note, whether the Note is overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on the Note and for all other purposes, and all the payments so made to any registered owner or upon the owner's order will be valid and effectual to satisfy and discharge the liability of the EDA upon the Note to the extent of the sum or sums so paid.

(f) Taxes, Fees and Charges. For every transfer or exchange of the Note, the Registrar may impose a charge upon the owner thereof sufficient to reimburse the Registrar for any tax, fee, or other governmental charge required to be paid with respect to the transfer or exchange.

(g) Mutilated, Lost, Stolen or Destroyed Note. In case the Note becomes mutilated or is lost, stolen, or destroyed, the Registrar will deliver a new Note of like amount, maturity dates and tenor in exchange and substitution for and upon cancellation of the mutilated Note or in lieu of and in substitution for the Note lost, stolen, or destroyed, upon the payment of the reasonable expenses and charges of the Registrar in connection therewith; and, in the case the Note lost, stolen, or destroyed, upon filing with the Registrar of evidence satisfactory to it that the Note was lost, stolen, or destroyed, and of the ownership thereof, and upon furnishing to the Registrar of an appropriate bond or indemnity in form, substance, and amount satisfactory to it, in which both the EDA and the Registrar will be named as obligees. The Note so surrendered to the Registrar will be cancelled and evidence of the cancellation will be given to the EDA. If the mutilated, lost, stolen, or destroyed Note has already matured or been called for redemption in accordance with its terms, it will not be necessary to issue a new Note prior to payment.

3.04. Preparation and Delivery. The Note will be prepared under the direction of the Executive Director and will be executed on behalf of the EDA by the signatures of its President and Executive Director. In case any officer whose signature appears on the Note ceases to be the officer before the delivery of the Note, the signature will nevertheless be valid and sufficient for all purposes, the same as if the officer had remained in office until delivery. When the Note has been so executed, it will be delivered by the EDA to the Owner following the delivery of the necessary items delineated in Section 3.3 of the Agreement.

Section 4. Security Provisions.

4.01. Pledge. The EDA hereby pledges to the payment of the principal of and interest on the Note all Available Tax Increment as defined in the Note. Available Tax Increment will be applied to payment of the principal of and interest on the Note in accordance with the terms of the form of Note set forth in Section 2 of this resolution.

4.02. Bond Fund. Until the date the Note is no longer outstanding and no principal thereof or interest thereon (to the extent required to be paid pursuant to this resolution) remains unpaid, the EDA will maintain a separate and special “Bond Fund” to be used for no purpose other than the payment of the principal of and interest on the Note. The EDA irrevocably agrees to appropriate to the Bond Fund in each year Available Tax Increment. Any Available Tax Increment remaining in the Bond Fund will be transferred to the EDA’s account for the TIF District upon the payment of all principal and interest to be paid with respect to the Note.

Section 5. Certification of Proceedings.

5.01. Certification of Proceedings. The officers of the EDA are hereby authorized and directed to prepare and furnish to the Owner of the Note certified copies of all proceedings and records of the EDA, and the other affidavits, certificates, and information as may be required to show the facts relating to the legality and marketability of the Note as the same appear from the books and records under their custody and control or as otherwise known to them, and all the certified copies, certificates, and affidavits, including any heretofore furnished, will be deemed representations of the EDA as to the facts recited therein.

Section 6. Effective Date. This resolution will be effective upon full execution of the Agreement.

Adopted by the board of commissioners of the Economic Development Authority of the City of Faribault, this ____ day of August, 2022.

President

Executive Director

**EXHIBIT F TO
REDEVELOPMENT AGREEMENT
FORM OF INVESTMENT LETTER**

To the Economic Development Authority of the City of Faribault (“EDA”)
Attention: Executive Director

Dated: _____, 2022

Re: \$700,000 Tax Increment Revenue Note (Riverchase Faribault TIF Project No. 17)

The undersigned, as Purchaser of \$700,000 in principal amount of the above-captioned Tax Increment Revenue Note (the “Note”), approved by the Board of Commissioners of the Economic Development Authority of the City of Faribault on August ____, 2022, hereby represents to you and to Kennedy & Graven, Chartered, Minneapolis, Minnesota, as legal counsel to the EDA, as follows:

1. We understand and acknowledge that the Note is delivered to the Purchaser on this date pursuant to the Contract for Private Redevelopment by and between the EDA and the Purchaser dated August ____, 2022 (the “Agreement”).

2. The Note is payable as to principal and interest solely from Available Tax Increment pledged to the Note, as defined therein.

3. We have sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal obligations, to be able to evaluate the risks and merits of the investment represented by the purchase of the above-stated principal amount of the Note.

4. We acknowledge that no offering statement, prospectus, offering circular or other comprehensive offering document or disclosure containing material information with respect to the EDA and the Note has been issued or prepared by the EDA, and that, in due diligence, we have made our own inquiry and analysis with respect to the EDA, the Note and the security therefor, and other material factors affecting the security and payment of the Note.

5. We acknowledge that we have either been supplied with or have access to information, including financial statements and other financial information, to which a reasonable investor would attach significance in making investment decisions, and we have had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the EDA, the Note and the security therefor, and that as reasonable investors we have been able to make our decision to purchase the above-stated principal amount of the Note.

6. We have been informed that the Note (i) is not being registered or otherwise qualified for sale under the “Blue Sky” laws and regulations of any state, or under federal

securities laws or regulations, (ii) will not be listed on any stock or other securities exchange, and (iii) will carry no rating from any rating service.

7. We acknowledge that the EDA and Kennedy & Graven, Chartered, as legal counsel to the EDA, have not made any representations or warranties as to the status of interest on the Note for the purpose of federal or state income taxation.

8. We represent to you that we are purchasing the Note for our own account and not for resale or other distribution thereof, except to the extent otherwise provided in the Note or as otherwise approved in writing by the EDA.

9. All capitalized terms used herein have the meaning provided in the Agreement unless the context clearly requires otherwise.

10. The Purchaser's federal tax identification number is _____.

11. We acknowledge receipt of the Note on the date hereof.

IN WITNESS WHEREOF, the undersigned has executed this Investment Letter as of the date and year first written above.

RIVERCHASE FARIBAULT, LLC

By: _____

Its: _____

Adoption Date: August 10, 2022

City of Faribault Rice County, Minnesota

MODIFICATION TO THE DEVELOPMENT PROGRAM

Development District No. 1

&

Tax Increment Financing (TIF) Plan

Establishment of Tax Increment Financing District

No. 17 - Riverchase Apartments

(an economic development – workforce housing district)



Prepared by:

Ehlers
3060 Centre Pointe Drive
Roseville, Minnesota 55113

BUILDING COMMUNITIES. IT'S WHAT WE DO.

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Modification to the Development Program for Development District No. 1

FOREWORD

The following text represents a Modification to the Development Program for Development District No. 1. This modification represents a continuation of the goals and objectives set forth in the Development Program for Development District No. 1. Generally, the substantive changes include the expansion of the boundaries of Development District No. 1 and the establishment of Tax Increment Financing District No. 17 - Riverchase Apartments.

For further information, a review of the Development Program for Development District No. 1, is recommended. It is available from the Community and Economic Development Director at the City of Faribault. Other relevant information is contained in the tax increment financing plans for the tax increment financing districts located within Development District No. 1.

Tax Increment Financing Plan for Tax Increment Financing District No. 17 - Riverchase Apartments

FOREWORD

The City of Faribault (the "City"), staff and consultants have prepared the following information to expedite the Establishment of Tax Increment Financing District No. 17 - Riverchase Apartments (the "District"), an economic development tax increment financing district, located in Development District No. 1.

STATUTORY AUTHORITY

Within the City, there exist areas where public involvement is necessary to cause development or redevelopment to occur. To this end, the City has certain statutory powers pursuant to *Minnesota Statutes ("M.S."), Sections* , inclusive, as amended, and *M.S., Sections 469.174 to 469.1794*, inclusive, as amended (the "TIF Act"), to assist in financing public costs related to this project.

This section contains the Tax Increment Financing Plan (the "TIF Plan") for the District. Other relevant information is contained in the Modification to the Development Program for Development District No. 1.

STATEMENT OF OBJECTIVES

The District currently consists of four (4) parcels of land and adjacent roads and internal rights-of-way. The District is being created to facilitate construction of 77 units of rental housing to address the workforce housing needs in the community. The City intends to enter into an agreement with Hamilton Real Estate Group as the developer of the project. Development is anticipated to begin in 2023. This TIF Plan is expected to achieve many of the objectives outlined in the Development Program for Development District No. 1.

The activities contemplated in the Modification to the Development Program and the TIF Plan do not preclude the undertaking of other qualified development or redevelopment activities. These activities are anticipated to occur over the life of Development District No. 1 and the District.

DEVELOPMENT PROGRAM OVERVIEW

Pursuant to the Development Program and authorizing state statutes, the City is authorized to undertake the following activities in the District:

1. Property to be Acquired - The City currently owns four (4) parcels of property within the District. The remaining property located within the District may be acquired by the City and is further described in this TIF Plan.
2. Relocation - Relocation services, to the extent required by law, are available pursuant to *M.S., Chapter 117* and other relevant state and federal laws.
3. Upon approval of a developer's plan relating to the project and completion of the necessary legal requirements, the City may sell to a developer selected properties that it may acquire within the District or may lease land or facilities to a developer.
4. The City may perform or provide for some or all necessary acquisition, construction, relocation, demolition, and required utilities and public street work within the District.
5. The City proposes both public and private infrastructure within the District. The proposed reuse of private property within the District will be for a workforce housing rental project, and there will be continued operation of Development District No. 1 after the capital improvements within Development District No. 1 have been completed.

DESCRIPTION OF PROPERTY IN THE DISTRICT AND PROPERTY TO BE ACQUIRED

The District encompasses all property and adjacent roads rights-of-way and abutting roadways identified by the parcels listed below.

Parcel number	Address	Owner
18.31.4.26.001	55 Willow St.	City of Faribault
18.31.4.00.005*	Unassigned	City of Faribault
18.31.4.00.004	Unassigned	City of Faribault
18.31.4.00.003*	217 Mill St.	City of Faribault

*The parcels are in the process of being re-platted and the District will only include a portion of these parcel: indicated on the District map

Please also see the map in Appendix A for further information on the location of the District.

The City may acquire any parcel within the District including interior and adjacent street rights of way. Any properties identified for acquisition will be acquired by the City only in order to accomplish one or more of the following: storm sewer improvements; provide land for needed public streets, utilities and facilities; carry out land acquisition, site improvements, clearance and/or development to accomplish the uses and objectives set forth in this plan. The City may acquire property by gift, dedication, condemnation or direct purchase from willing sellers in order to achieve the objectives of this TIF Plan. Such acquisitions will be undertaken only when there is assurance of funding to finance the acquisition and related costs.

The City currently owns all four (4) parcels of the property to be included in the District.

DISTRICT CLASSIFICATION

The City, in determining the need to create a tax increment financing district in accordance with *M.S., Sections 469.174 to 469.1794*, as amended, inclusive, finds that the District, to be established, is an economic development district pursuant to *M.S., Section 469.174, Subd. 12*.

The District is in the public interest because it satisfies the requirements of a workforce housing project under Section 469.176, Subdivision 4c, paragraph (d).

Pursuant to *M.S., Section 469.176, Subd. 4c*, revenue derived from tax increment from an economic development district may not be used to provide improvements, loans, subsidies, grants, interest rate subsidies, or assistance in any form to developments consisting of buildings and ancillary facilities, if more than 15% of the buildings and facilities (determined on the basis of square footage) are used for a purpose other than:

1. The manufacturing or production of tangible personal property, including processing resulting in the change in condition of the property;
2. Warehousing, storage, and distribution of tangible personal property, excluding retail sales;
3. Research and development related to the activities listed in items (1) or (2);

4. Telemarketing if that activity is the exclusive use of the property; or
5. Tourism facilities;
6. Space necessary for and related to the activities listed in items (1) to (5); or
7. A workforce housing project that satisfies the requirements of *M.S., Section 469.176, Subd. 4c(d)*.

Pursuant to *M.S., Section 469.176, Subd. 7*, the District does not contain any parcel or part of a parcel that qualified under the provisions of *M.S., Sections 273.111, 273.112, or 273.114 or Chapter 473H* for taxes payable in any of the five calendar years before the filing of the request for certification of the District.

DURATION & FIRST YEAR OF DISTRICT'S TAX INCREMENT

Pursuant to *M.S., Section 469.175, Subd. 1, and M.S., Section 469.176, Subd. 1*, the duration of the District must be indicated within the TIF Plan. Pursuant to *M.S., Section 469.176, Subd. 1b.*, the duration of the District will be 8 years after receipt of the first increment by the City. The date of receipt by the City of the first tax increment is expected to be 2024.

Thus, it is estimated that the District, including any modifications of the TIF Plan for subsequent phases or other changes, would terminate after 2032, or when the TIF Plan is satisfied. The City reserves the right to decertify the District prior to the legally required date.

ORIGINAL TAX CAPACITY, TAX RATE & ESTIMATED CAPTURED NET TAX CAPACITY VALUE/INCREMENT & NOTIFICATION OF PRIOR PLANNED IMPROVEMENTS

Pursuant to *M.S., Section 469.174, Subd. 7 and M.S., Section 469.177, Subd. 1*, the Original Net Tax Capacity (ONTC) as certified for the District will be based on the market values placed on the property by the assessor in 2022 for taxes payable 2023.

Pursuant to *M.S., Section 469.177, Subds. 1 and 2*, the County Auditor shall certify in each year (beginning in the payment year 2024) the amount by which the original value has increased or decreased as a result of:

1. Change in tax exempt status of property;
2. Reduction or enlargement of the geographic boundaries of the District;
3. Change due to adjustments, negotiated or court-ordered abatements;
4. Change in the use of the property and classification;
5. Change in state law governing class rates; or
6. Change in previously issued building permits.

In any year in which the current Net Tax Capacity (NTC) value of the District declines below the ONTC, no value will be captured and no tax increment will be payable to the City.

The original local tax rate for the District will be the local tax rate for taxes payable 2023, assuming the request for certification is made before June 30, 2023. The rates for 2023 were not available at the time the District was established. The ONTC and the Original Local Tax Rate for the District appear in the table below.

Pursuant to *M.S., Section 469.174 Subd. 4 and M.S., Section 469.177, Subd. 1, 2, and 4*, the estimated Captured Net Tax Capacity (CTC) of the District, within Development District No. 1, upon completion of the projects within the District, will annually approximate tax increment revenues as shown in the table below. The City requests 100 percent of the available increase in tax capacity be used for repayment of the obligations of the City and current expenditures, beginning in the tax year payable 2024. The Project Tax Capacity (PTC) listed is an estimate of values when the projects within the District are completed.

Project Tax Capacity		
Project estimated Tax Capacity upon completion	161,230	
Original estimated Net Tax Capacity	5,199	
Fiscal Disparities	<u>0</u>	
Estimated Captured Tax Capacity	156,031	
Original Local Tax Rate	<u>108.8640%</u>	Pay 2022
Estimated Annual Tax Increment	\$169,862	
Percent Retained by the City	100%	

Note: Tax capacity includes a 5% inflation factor for the duration of the District. The tax capacity included in this chart is the estimated tax capacity of the District in year 9. The tax capacity of the District in year one is estimated to be \$30,078.

Pursuant to *M.S., Section 469.177, Subd. 4*, the City shall, after a due and diligent search, accompany its request for certification to the County Auditor or its notice of the District enlargement pursuant to *M.S., Section 469.175, Subd. 4*, with a listing of all properties within the District or area of enlargement for which building permits have been issued during the eighteen (18) months immediately preceding approval of the TIF Plan by the municipality pursuant to *M.S., Section 469.175, Subd. 3*. The County Auditor shall increase the original net tax capacity of the District by the net tax capacity of improvements for which a building permit was issued.

The City is reviewing the area to be included in the District to determine if any building permits have been issued during the 18 months immediately preceding approval of the TIF Plan by the City.

SOURCES OF REVENUE/BONDS TO BE ISSUED

The total estimated tax increment revenues for the District are shown in the table below:

SOURCES	
Tax Increment	\$ 1,142,325
Interest	114,232
TOTAL	\$ 1,256,557

The costs outlined in the Uses of Funds will be financed primarily through the annual collection of tax increments. The City reserves the right to issue bonds (as defined in the TIF Act) or incur other indebtedness as a result of the TIF Plan. As presently proposed, the projects within the District will be financed by pay-as-you-go notes and interfund loans. Any refunding amounts will be deemed a budgeted cost without a formal modification to this TIF Plan. This provision does not obligate the City to incur debt. The City will issue bonds or incur other debt only upon the determination that such action is in the best interest of the City.

The City may issue bonds secured in whole or in part with tax increments from the District in a maximum principal amount of \$1,042,935. Such bonds may be in the form of pay-as-you-go notes, revenue bonds or notes, general obligation bonds, or interfund loans. This estimate of total bonded indebtedness is a cumulative statement of authority under this TIF Plan as of the date of approval.

USES OF FUNDS

Currently under consideration for the District is a proposal to facilitate construction of 77 units of rental housing to address the workforce housing needs in the community. The City has determined that it will be necessary to provide assistance to the project(s) for certain District costs, as described herein.

The City has studied the feasibility of the development or redevelopment of property in and around the District. To facilitate the establishment and development or redevelopment of the District, this TIF Plan authorizes the use of tax increment financing to pay for the cost of certain eligible expenses. The estimate of public costs and uses of funds associated with the District is outlined in the following table.

USES	
Land/Building Acquisition	\$ 300,000
Site Improvements/Preparation	100,000
Utilities	75,000
Other Qualifying Improvements	453,703
Administrative Costs (up to 10%)	114,232
PROJECT COSTS TOTAL	\$ 1,042,935
Interest	213,622
PROJECT AND INTEREST COSTS TOTAL	\$ 1,256,557

The total project cost, including financing costs (interest) listed in the table above does not exceed the total projected tax increments for the District as shown in the Sources of Revenue section.

Estimated capital and administrative costs listed above are subject to change among categories by modification of the TIF Plan without hearings and notices as required for approval of the initial TIF Plan, so long as the total capital and administrative costs combined do not exceed the total listed above. Further, the City may spend up to 20% of the tax increment revenues from the District for activities (described in the table above) located outside the boundaries of the District but within the boundaries of the Development District No. 1 (including administrative costs, which are considered to be spent outside the District), subject to all other terms and conditions of this TIF Plan.

ESTIMATED IMPACT ON OTHER TAXING JURISDICTIONS

The estimated impact on other taxing jurisdictions assumes that the redevelopment contemplated by the TIF Plan would occur without the creation of the District. However, the City has determined that such development or redevelopment would not occur "but for" tax increment financing and that, therefore, the fiscal impact on other taxing jurisdictions is \$0. The estimated fiscal impact of the District would be as follows if the "but for" test was not met:

Impact on Tax Base			
Entity	2021/Pay 2022 Total Net Tax Capacity	Estimated Captured Tax Capacity (CTC) upon completion	Percent of CTC to Entity Total
Rice County	77,724,192	156,031	0.2007%
City of Faribault	20,431,840	156,031	0.7637%
ISD 656 (Faribault Public Schools)	35,424,548	156,031	0.4405%

Impact on Tax Rates				
Entity	Pay 2022 Extension Rate	Percent of Total	CTC	Potential Taxes
Rice County	39.3350%	36.13%	156,031	\$ 61,375
City of Faribault	54.6820%	50.23%	156,031	85,321
ISD 656 (Faribault Public Schools)	14.5910%	13.40%	156,031	22,766
Other	0.2560%	0.24%	156,031	399
	108.8640%	100.00%		\$ 169,862

The estimates listed above display the captured tax capacity when all construction is completed. The tax rate used for calculations is the Pay 2022 rate. The total net capacity for the entities listed above are based on Pay 2022 figures. The District will be certified under the Pay 2023 rates, which were unavailable at the time this TIF Plan was prepared.

Pursuant to *M.S., Section 469.175 Subd. 2(b)*:

- (1) Estimate of total tax increment. It is estimated that the total amount of tax increment that will be generated over the life of the District is \$1,142,325;

- (2) Probable impact of the District on city provided services and ability to issue debt. An impact of the District on police protection is expected. With any addition of new residents or businesses, police calls for service will be increased. New developments add an increase in traffic, and additional overall demands to the call load. The removal of blight, however, will eliminate nuisance criminal activity. The City does not expect that the proposed development, in and of itself, will necessitate new capital investment in vehicles or facilities.

The probable impact of the District on fire protection is not expected to be significant. Typically new buildings generate few calls, if any, and are of superior construction. The existing building, located at the site, which will be eliminated by the new development, has public safety concerns. The City does not expect that the proposed development, in and of itself, will necessitate new capital investment in vehicles or facilities.

The impact of the District on public infrastructure is expected to be minimal. The development is not expected to significantly impact traffic movements in the area. The current infrastructure for sanitary sewer and water will be able to handle the additional volume generated from the proposed development. As part of the project, a regional stormwater treatment basin will be constructed to provide the required stormwater treatment for the Riverchase development. Based on the development plans, there are limited additional costs associated with street maintenance, sweeping, plowing, lighting and sidewalks. The development in the District is expected to contribute an estimated \$114,000 in sanitary sewer (SAC) and water (WAC) connection fees.

The probable impact of the issuance of any general obligation tax increment bonds payable from tax increment revenues from the District on the City's ability to issue debt for general fund purposes is expected to be minimal. It is not anticipated that there will be any general obligation debt issued in relation to this project, therefore there will be no impact on the City's ability to issue future debt or on the City's debt limit.

- (3) Estimated amount of tax increment attributable to school district levies. It is estimated that the amount of tax increments over the life of the District that would be attributable to school district levies, assuming the school district's share of the total local tax rate for all taxing jurisdictions remained the same, is \$153,105;
- (4) Estimated amount of tax increment attributable to county levies. It is estimated that the amount of tax increments over the life of the District that would be attributable to county levies, assuming the county's share of the total local tax rate for all taxing jurisdictions remained the same, is \$412,747;
- (5) Additional information requested by the county or school district. The City is not aware of any standard questions in a county or school district written policy regarding tax increment districts and impact on county or school district services. The county or school district must request additional information pursuant to *M.S., Section 469.175 Subd. 2(b)* within 15 days after receipt of the tax increment financing plan.

No requests for additional information from the county or school district regarding the proposed development for the District have been received.

SUPPORTING DOCUMENTATION

Pursuant to *M.S., Section 469.175, Subd. 1 (a), clause 7* this TIF Plan must contain identification and description of studies and analyses used to make the determination set forth in *M.S., Section 469.175, Subd. 3, clause (b)(2)* and the findings are required in the resolution approving the District.

- (i) In making said determination, reliance has been placed upon (1) written representation made by the Developer to such effects, (2) review of the Developer's proforma; and (3) City staff awareness of the feasibility of developing the project site within the District, which is further outlined in the City Council resolution approving the establishment of the District and Appendix C.
- (ii) A comparative analysis of estimated market value both with and without establishment of the District and the use of tax increments has been performed. Such analysis is included with the cashflow in Appendix B and indicates that the increase in estimated market value of the proposed development (less the indicated subtractions) exceeds the estimated market value of the site absent the establishment of the District and the use of tax increments.

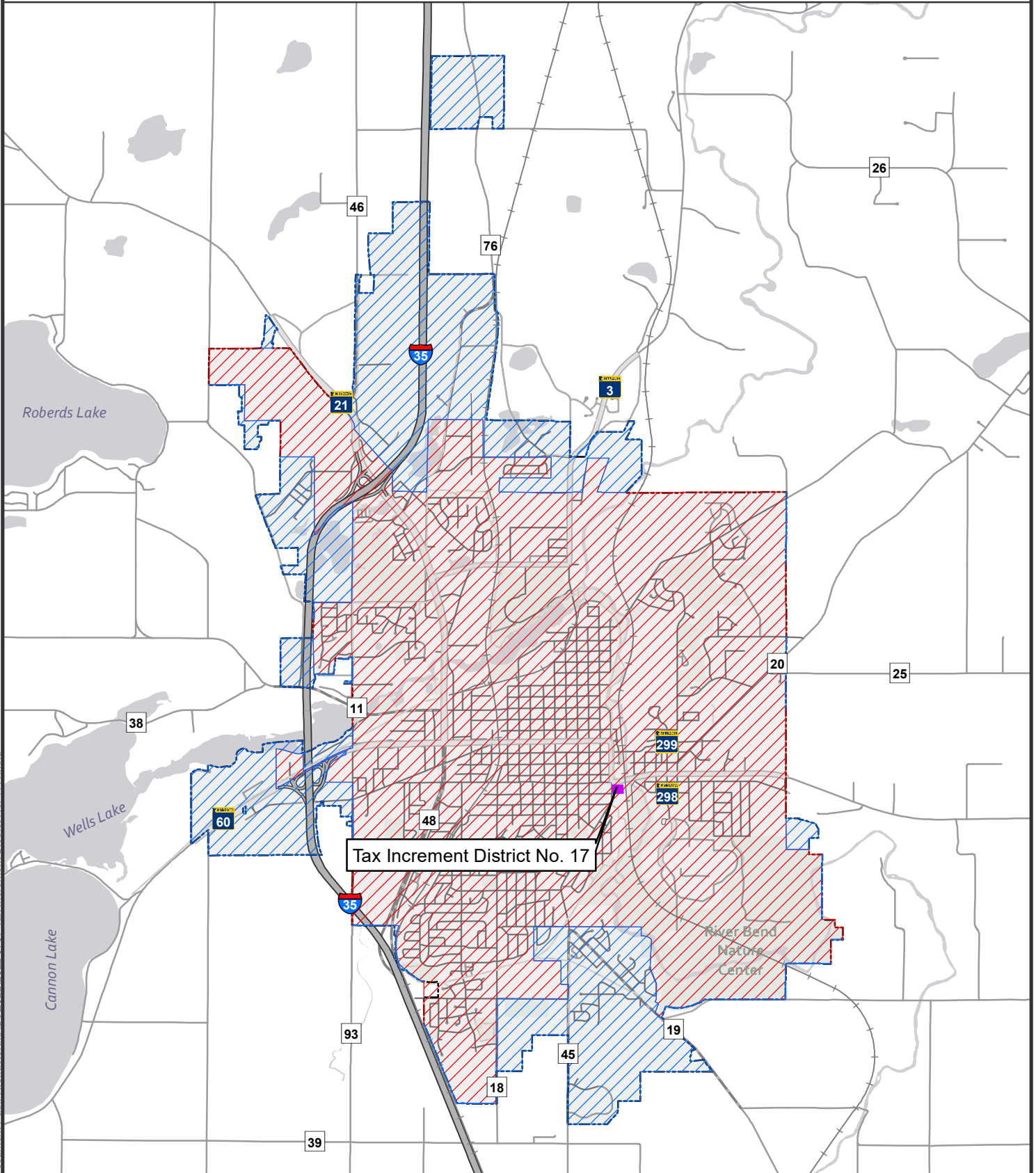
DISTRICT ADMINISTRATION

Administration of the District will be handled by the Community and Economic Development Director.

Appendix A: Map of Development District No. 1 and the TIF District

Development District No. 1 Tax Increment District No. 17

This map is neither a legally recorded map nor a survey.
This map is a compilation data affecting the area shown;
and is for reference purposes only. In using the map, you
assume responsibility for the correctness all information
extracted from this map.



Document Path: N:\MasterMXDs\2022\2022 0707 Tax Increment District No. 17.1.mxd

0 3,300 6,600 Feet
1 inch = 4,877 feet



Development District No. 1
 Proposed Expanded Development District No. 1

Tax Increment District No. 17

Appendix B: Estimated Cash Flow for the District

Riverchase Apartments - No Inflation

City of Faribault, MN

77 Workforce Rental Units



ASSUMPTIONS AND RATES

DistrictType: Economic Development
District Name/Number: TIF District No. 17-Riverchase Apartments
County District #:
First Year Construction or Inflation on Value 2022
Existing District - Specify No. Years Remaining
Inflation Rate - Every Year: 5.00%
Interest Rate: 4.00%
Present Value Date: 1-Aug-23
First Period Ending: 1-Feb-24
Tax Year District was Certified: Pay 2022
Cashflow Assumes First Tax Increment For Development: 2024
Years of Tax Increment: 9
Assumes Last Year of Tax Increment: 2032
Fiscal Disparities Election [Outside (A), Inside (B), or NA] NA
Incremental or Total Fiscal Disparities: NA
Fiscal Disparities Contribution Ratio: NA Pay 2022
Fiscal Disparities Metro-Wide Tax Rate: NA Pay 2022
Maximum/Frozen Local Tax Rate: 108.864% Pay 2022
Current Local Tax Rate: (Use lesser of Current or Max.) 108.864% Pay 2022
State-wide Tax Rate (Comm./Ind. only used for total taxes) 36.2890% Pay 2022
Market Value Tax Rate (Used for total taxes) 0.20456% Pay 2022

Tax Rates

Exempt Class Rate (Exempt)	0.00%
Commercial Industrial Preferred Class Rate (C/I Pref.)	
First \$150,000	1.50%
Over \$150,000	2.00%
Commercial Industrial Class Rate (C/I)	2.00%
Rental Housing Class Rate (Rental)	1.25%
Affordable Rental Housing Class Rate (Aff. Rental)	
First \$100,000	0.75%
Over \$100,000	0.25%
Non-Homestead Residential (Non-H Res. 1 Unit)	
First \$500,000	1.00%
Over \$500,000	1.25%
Homestead Residential Class Rate (Hmstd. Res.)	
First \$500,000	1.00%
Over \$500,000	1.25%
Agricultural Non-Homestead	1.00%

BASE VALUE INFORMATION (Original Tax Capacity)

Map ID	PID	Owner	Address	Land Market Value	Building Market Value	Total Market Value	Percentage Of Value Used for District	Original Market Value	Tax Year Original Market Value	Property Tax Class	Current Original Tax Capacity	Class After Conversion	After Conversion Orig. Tax Cap.	Area/ Phase
1	18.31.4.26.001	City of Faribault	55 Willow St.	163,700	85,500	249,200	100%	249,200	Pay 2022	Exempt	-	Rental	3,115	1
2	18.31.4.00.005	City of Faribault	Unassigned	30,600	0	30,600	80%	24,480	Pay 2022	Exempt	-	Rental	306	
3	18.31.4.00.004	City of Faribault	Unassigned	46,300	0	46,300	100%	46,300	Pay 2022	Exempt	-	Rental	579	
4	18.31.4.00.003	City of Faribault	217 Mill St.	450,000	509,600	959,600	10%	95,960	Pay 2022	Exempt	-	Rental	1,200	
				690,600	595,100	1,285,700		415,940			0		5,199	

Note:

1. Base values are for pay 2023 based upon review of County website on 7-8-2022.
2. Located in SD # 656 and TAG: FARIBO-SD656-HSP-HRA-EDA

Riverchase Apartments - No Inflation
City of Faribault, MN
77 Workforce Rental Units



PROJECT INFORMATION (Project Tax Capacity)													
Area/Phase	New Use	Estimated Market Value Per Sq. Ft./Unit	Taxable Market Value Per Sq. Ft./Unit	Total Sq. Ft./Units	Total Taxable Market Value	Property Tax Class	Project Tax Capacity	Project Tax Capacity/Unit	Percentage Completed 2022	Percentage Completed 2023	Percentage Completed 2024	Percentage Completed 2025	First Year Full Taxes Payable
1	Apartments	125,000	125,000	77	9,625,000	Rental	120,313	1,563	25%	75%	100%	100%	2026
TOTAL					9,625,000		120,313						
Subtotal Residential				77	9,625,000		120,313						
Subtotal Commercial/Ind.				0	0		0						

Note:

1. Market values are based upon estimates from the County Assessor.

TAX CALCULATIONS									
New Use	Total Tax Capacity	Fiscal Disparities Tax Capacity	Local Tax Capacity	Local Property Taxes	Fiscal Disparities Taxes	State-wide Property Taxes	Market Value Taxes	Total Taxes	Taxes Per Sq. Ft./Unit
Apartments	120,313	0	120,313	130,977	0	0	19,689	150,666	1,956.70
TOTAL	120,313	0	120,313	130,977	0	0	19,689	150,666	

Note:

1. Taxes and tax increment will vary significantly from year to year depending upon values, rates, state law, fiscal disparities and other factors which cannot be predicted.
2. If tax increment is received in 2023, then the district will be one year shorter.

WHAT IS EXCLUDED FROM TIF?	
Total Property Taxes	150,666
less State-wide Taxes	0
less Fiscal Disp. Adj.	0
less Market Value Taxes	(19,689)
less Base Value Taxes	(5,660)
Annual Gross TIF	125,317

MARKET VALUE BUT / FOR ANALYSIS	
Current Market Value - Est.	415,940
New Market Value - Est.	9,625,000
Difference	9,209,060
Present Value of Tax Increment	908,237
Difference	8,300,823
Value likely to occur without Tax Increment is less than:	8,300,823



Riverchase Apartments - No Inflation

City of Faribault, MN

77 Workforce Rental Units

TAX INCREMENT CASH FLOW														
% of OTC	Project Tax Capacity	Original Tax Capacity	Fiscal Disparities NA	Captured Tax Capacity	Local Tax Rate	Annual Gross Tax Increment	Semi-Annual Gross Tax Increment	State Auditor 0.36%	Admin. at 10%	Semi-Annual Net Tax Increment	Semi-Annual Present Value	PERIOD ENDING Yrs.	Tax Year	Payment Date
100%	30,078	(5,199)	-	24,879	108.864%	27,084	13,542	(49)	(1,349)	12,144	11,672	0.5	2024	02/01/24
100%	90,234	(5,199)	-	85,035	108.864%	92,573	13,542	(49)	(1,349)	12,144	23,116	1	2024	02/01/25
100%	120,313	(5,199)	-	115,113	108.864%	125,317	46,286	(167)	(4,612)	41,508	61,463	1.5	2025	08/01/25
100%	126,328	(5,199)	-	121,129	108.864%	131,866	46,286	(167)	(4,612)	41,508	99,058	2	2025	02/01/26
100%	132,645	(5,199)	-	127,445	108.864%	138,742	62,658	(226)	(6,243)	56,190	148,952	2.5	2026	08/01/26
100%	139,277	(5,199)	-	134,078	108.864%	145,962	62,658	(226)	(6,243)	56,190	197,869	3	2026	02/01/27
100%	146,241	(5,199)	-	141,041	108.864%	153,543	65,933	(237)	(6,570)	59,126	248,332	3.5	2027	08/01/27
100%	153,553	(5,199)	-	148,353	108.864%	161,503	65,933	(237)	(6,570)	59,126	297,806	4	2027	02/01/28
100%	161,230	(5,199)	-	156,031	108.864%	169,862	69,371	(250)	(6,912)	62,209	348,839	4.5	2028	08/01/28
							69,371	(250)	(6,912)	62,209	398,872	5	2028	02/01/29
							72,981	(263)	(7,272)	65,447	450,476	5.5	2029	08/01/29
							72,981	(263)	(7,272)	65,447	501,068	6	2029	02/01/30
							76,772	(276)	(7,650)	68,846	553,245	6.5	2030	08/01/30
							76,772	(276)	(7,650)	68,846	604,398	7	2030	02/01/31
							80,752	(291)	(8,046)	72,415	657,148	7.5	2031	08/01/31
							80,752	(291)	(8,046)	72,415	708,864	8	2031	02/01/32
							84,931	(306)	(8,463)	76,163	762,190	8.5	2032	08/01/32
							84,931	(306)	(8,463)	76,163	814,471	9	2032	02/01/33
Total							1,146,452	(4,127)	(114,232)	1,028,092				
Present Value From 08/01/2023							908,237	(3,270)	(90,497)	814,471				

Appendix C: Findings Including But/For Qualifications

The reasons and facts supporting the findings for the adoption of the Tax Increment Financing Plan for Tax Increment Financing District No. 17 - Riverchase Apartments as required pursuant to *Minnesota Statutes (M.S.), Section 469.175, Subd. 3* are as follows:

1. *Finding that Tax Increment Financing District No. 17 - Riverchase Apartments is an economic development district as defined in M.S., Section 469.174, Subd. 12.*

Tax Increment Financing District No. 17 - Riverchase Apartments is a contiguous geographic area within the City's Development District No. 1, delineated in the TIF Plan, for the purpose of financing economic development in the City through the use of tax increment. The District is in the public interest because it will facilitate construction of 77 units of rental housing to address the workforce housing needs in the community in the City which will increase employment in the State and preserve and enhance the tax base of the state.

2. *Finding that the proposed development, in the opinion of the City Council, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future and that the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of Tax Increment Financing District No. 17 - Riverchase Apartments permitted by the TIF Plan.*

The proposed development, in the opinion of the City, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future: This finding is supported by the fact that the development proposed in this plan includes workforce rental housing that meets the City's objectives for economic development. The cost of land acquisition, and related site improvements necessary to maximize development potential, makes development of the facility infeasible without City assistance. The Developer was asked for and provided a letter and a proforma as justification that the developer would not have gone forward without tax increment assistance.

The increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in market value estimated to result from the proposed

development after subtracting the present value of the projected tax increments for the maximum duration of the District permitted by the TIF Plan: The City supported this finding on the grounds that the project includes workforce housing. The City reasonably determines that no other development of similar scope that provides the necessary housing is anticipated on this site without substantially similar assistance being provided to the development.

Therefore, the City concludes as follows:

- a. The City's estimate of the amount by which the market value of the entire District will increase without the use of tax increment financing is \$0.
 - b. If the proposed development occurs, the total increase in market value will be \$9,209,060 (see Appendix B of the TIF Plan)
 - c. The present value of tax increments from the District for the maximum duration of the district permitted by the TIF Plan is estimated to be \$908,237 (see Appendix B of the TIF Plan).
 - d. Even if some development other than the proposed development were to occur, the Council finds that no alternative would occur that would produce a market value increase greater than \$8,300,823 (the amount in clause b less the amount in clause c) without tax increment assistance.
3. *Finding that the TIF Plan for Tax Increment Financing District No. 17 - Riverchase Apartments conforms to the general plan for the development or redevelopment of the municipality as a whole.*

The City Council reviewed the TIF Plan and found that the TIF Plan conforms to the general development plan of the City.

4. *Finding that the Tax Increment Financing Plan for Tax Increment Financing District No. 17 - Riverchase Apartments will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development of Development District No. 1 by private enterprise.*

The project to be assisted by the District will result in increased employment in the City and the State of Minnesota, increased tax base of the State, and add a high-quality development to the City.

Appendix D: Letters of Support From Local Business

July 7, 2022

Dear Minnesota Housing:

Trystar supports the housing developments that are being proposed at Willow and 17th Street and the Riverchase Apartment complex located at Willow and Division Street.

Finding quality employees has been a very difficult task for some time now, made harder by the lack of available housing in Faribault. Trystar looked to creative solutions to the workforce/housing crisis in the past including opening an office 30 minutes north of Faribault and using a shuttle to take employees from this Burnsville office down to Faribault. While this has helped us add some employees from further distances away that would normally not have been viable due to the drive, we haven't been able to add nearly enough employees in this manner and need employees who can be local in order to be on-site at our production facility every day during normal working hours without having to drive extended distances. The lack of quality housing has also affected our ability to attract high skill talent. Trystar employees would like the opportunity to be able to live in the town that they work in, but in the current state, our employees are unable to find quality and/or affordable housing in Faribault.

Trystar is a vertically integrated manufacturer of electrical infrastructure solutions and an integral part of the nation's overall electrical power capability. We continue to expand at rapid rates and with that need to add employees to our Faribault operations. As we grow, quality affordable housing will be necessary to be successful doing this. Faribault is a great city and our staff want to live in their community and raise their families here.

Trystar looks forward to seeing these proposed projects come to fruition, benefiting not only Trystar, but the many businesses that call Faribault home.

Housing options are needed in Faribault, and Trystar writes in support of the developments that the City is considering.

Sincerely,



A.J. Smith, CEO

July 7, 2022

Dear Minnesota Housing:

Faribault Foods supports the housing developments that are being proposed at Willow and 17th Street, and the Riverchase Apartment complex located at Willow and Division Street.

Faribault Foods is a major employer in the City of Faribault, and we are struggling to find quality employees because of the housing shortage in Faribault. We have had to find creative solutions to the housing issues in Faribault, which currently include housing staff in regionally based hotels and offering transportation to the employees. This is not an ideal solution for many reasons!

Our employees want to live in the community that they work in and new workforce and market rate housing is the only way that our recruited employees will have that opportunity. The vacancy rate in Faribault is very low, and an ability for a newcomer to secure an apartment in Faribault is also very low. More housing is necessary to ensure the success of established businesses as well as businesses that look to enter this market. A lack of housing will deter any future businesses from putting roots in Faribault.

Faribault Foods looks forward to seeing these proposed projects come to fruition. These projects add quality housing to Faribault's landscape, and will benefit the businesses as we seek to recruit quality employees.

Faribault Foods writes in support of the housing projects at Willow and 17th Street and Willow and Division.

Sincerely,



David Tieman
Faribault Foods



July 7, 2022

Dear Minnesota Housing:

Jennie-O Turkey supports the housing developments that are being proposed at Willow Street and 17th Street and the Riverchase Apartment complex located at Willow and Division Street.

Jennie-O Turkey is a major employer in the City of Faribault, and we struggle to find quality employees because of the housing shortage in Faribault. We know that we are not unlike many other employers in the City, and we are all seeking very similarly skilled employees. Faribault has a unique employer base, with many skilled trades being represented in a small town. We take pride in that!

Housing has become a major barrier and concern in recruiting and hiring staff. Jennie-O employees would like the opportunity to live in quality housing that is available and affordable and have the opportunity to be part of the community in which they work. It is extremely difficult to recruit employees when there is no housing available for them.

Jennie-O Turkey looks forward to seeing these proposed projects come to fruition. These projects add quality housing to Faribault's landscape, and will benefit the businesses as we seek to recruit quality employees.

Jennie-O Turkey writes in support of the housing projects at Willow and 17th Street and Willow and Division.

Sincerely,

A handwritten signature in black ink, appearing to read "Jody Long", is written over a light blue horizontal line.

Jody Long

Plant Manager

Appendix E: Supporting Documentation of Vacancy Rate

To be added prior to the public hearing



Discussion Item

TO: Faribault Housing and Redevelopment Authority

FROM: Kim Clausen

MEETING DATE: August 8, 2022

SUBJECT: Vacancy Study Update

PURPOSE:

Accept an update to the 2020 Maxfield Vacancy Study.

BACKGROUND:

In 2020, the HRA hired Maxfield Research and Consulting to prepare a rental housing needs analysis with recommendations. The scope of the project included:

- Analysis of demographic and economic characteristics of the city
- Review of existing rental housing stock
- Evaluation of rental market conditions
- Calculation of demand for general occupancy *and* senior rental housing
- Assessment of housing affordability
- Verify eligibility for Workforce Housing TIF Programs

Two main purposes of the Study were to support the community's efforts to recruit apartment developers and to verify the City's eligibility for a new Economic Development-Workforce Housing TIF Program. The TIF Program requires that Faribault and other communities within 15 miles has a vacancy rate of less than 3% for the previous 2 years.

The City currently has multiple development projects that could take advantage of the Economic Development-Workforce Housing TIF Program. Staff performed an update of the vacancy portion of the 2020 Vacancy Study to determine the vacancy rate of Faribault and other communities within 15 miles for 2020 and 2021. Staff was able to survey 1,804 rental units in Northfield, Faribault and Owatonna. These units had a combined 2020 vacancy rate of .63% and a 2021 vacancy rate of .77%, for an average vacancy rate of .7% for the last 2 years.

REQUESTED ACTION: The HRA is requested to receive and file this update to the 2020 Vacancy Study.

January 5, 2018

MEMORANDUM

TO: Ms. Kim Clausen
Community Development Coordinator
City of Faribault

FROM: Ms. Mary C. Bujold
Maxfield Research and Consulting LLC

Re: Vacancy Rate Trends for Rental Housing in the Cities of Faribault, Northfield and Owatonna in South Central Minnesota

Introduction

Maxfield Research was engaged by the City of Faribault to conduct an analysis of vacancy rate trends for the Cities of Faribault, Northfield and Owatonna. Faribault and Northfield are located in Rice County (Northfield is also partially located in Dakota County) and Owatonna is located in Steele County.

This memorandum presents our findings of the analysis that was conducted during the month of November.

General Summary

Overall, our surveys and contacts among rental housing properties (predominantly mid-size or larger properties (8 units or more) find that vacancy rates have continued to decrease over the past four years, especially among properties that are income-restricted, which includes those financed under programs such as Rural Development, Low-Income Housing Tax Credits, and Section 8. Properties with income restrictions have few or no vacancies at this time and many have long waiting lists. Market rate properties exhibit greater variance with regards to occupancies. Lower-priced market rate units in properties that are older (built pre-2000) were identified to have only one or no vacancies at this time and in discussions with property owners, the vacancy rates were only slightly higher two years ago and have continued to decrease as the economy has recovered. Higher-priced market rate units with rents that exceed a base price of \$800 per month for a one-bedroom unit tend to have greater availability, but these units were identified as largely non-traditional rentals such as condos, townhomes or single-family homes.

Rents have increased consistently over the past four years. From 2012 through 2016, rents at market rate properties have increased at market rate and income-restricted rental properties among the communities between 2% and 2.5% per year. This is considered to be a healthy annual increase and indicates that rents are keeping pace with and/or exceeding inflation. With rents increasing at this average annual rate and vacancies continuing to decrease, rents may start to increase at a higher annual rate beyond the standard inflation rate.

The following paragraphs provide additional supplemental information on rental market conditions in each of the three larger cities. Surveyed properties included only traditional rental units and did not include non-traditional units such as rented single-family homes or rented townhomes that were previously owner-occupied. These units may move back and forth between the owned and rental residential markets.

Northfield

Surveyed Properties

The surveyed contained a total of 1,132 rental units among 23 properties ranging in size from 4 units to 204 units with an average size of 49 units. The vacancy rate in November 2017 for these units was 0.3%, which is very low and indicates an exceptionally tight rental market. The market equilibrium rate for rental housing is considered to be 5% to allow for adequate turnover and sufficient consumer choice. A vacancy rate of less than 1% indicates that there is less turnover and renter households are not likely relocating due to a concern that they will not be able to find other suitable housing options in the local market.

Discussions with rental property owners and managers identified that the overall rental market in Northfield has continued to tighten over the past two years. One year ago, the overall vacancy rate in Northfield was estimated at 1.5% and two years ago, it was estimated at 2.0%. Vacancy rates have continued to decrease between 2015 and 2017, indicating continued strong demand for rental housing in the community. Glo Suites, a four-unit studio rental building was constructed in 2015 and is fully-occupied. Prior to that, there were no new rental properties built in Northfield since a 45-unit building was constructed in 2010 (Mosaic Apartments).

Rent levels among rental properties in Northfield have increased between 1% and 3% annually over the past four years and between 2% and 4% over the past two years. In our discussions with rental property managers, rents have increased based on strong demand and vacancies have continued to remain low. Property managers frequently receive several calls per week from households looking for apartments.

Faribault

Maxfield Research surveyed 1,133 units among 24 properties in Faribault. The survey identified a total of 7 units vacant for an overall vacancy rate of 0.8%, indicating that the rental market in Faribault is very tight. These units were identified in traditional rental properties with property sizes ranging from four units to 144 units. The average size of properties surveyed was 47 units, which is modest size.

Conversations with rental property owners and managers revealed that rents have been gradually increasing in Faribault and vacancies have decreased in each year since 2012. Most stated that the current vacancy situation in Faribault is very tight and that it is the tightest rental market they have seen in many years. Again, no new rental buildings have been constructed in recent years.

In 2016, the overall rental vacancy rate in Faribault was identified to be 1.2% and in 2015, was estimated at 1.3%. As noted above, the rental vacancy rate has continued to decrease in Faribault and is now less than 1.0%. Again, vacancy rates that are this low in the market substantially reduce consumer choice and turnover and also reduce the potential for economic development as companies that would consider locating in a community want to make certain that there is sufficient housing to accommodate workers, especially if they are adding jobs to the area and expect that some workers would desire to relocate.

Owatonna

Maxfield surveyed rental properties in Owatonna in 2017, 2016, 2015 and 2013. Two of these surveys were completed as a result of the Comprehensive Housing Needs Analysis, one was completed for a private developer and the most recent, at the request of the City of Faribault. Findings of the surveys revealed the following overall rental vacancy rate. A total of 1,142 units was surveyed. These same properties were surveyed in 2013, 2015 and 2016. In 2013, the vacancy rate was 5.5%. In 2015, the vacancy rate had dropped to 4.8%. By 2016, the vacancy rate had decreased to 4.2% and by 2017, it had decreased to 2.1% (a decrease of 2.7% over the period), showing that overall demand for rental housing has increased over the period. The overall vacancy rate of 2.7% in Owatonna, similar to the other two communities, reflects strong demand and a vacancy rate well below the 5% market equilibrium level. Owatonna had the highest market rate rental vacancy rate of the three communities surveyed, but was still well below the equilibrium rate.

Rents have increased in Owatonna by approximately 2.0% annually over the period between 2013 and 2017.

Summary

Given the most recent vacancy rates and the lack of new rental construction, Northfield and Faribault currently exhibit the greatest need for additional rental housing.

The table below summarizes the estimated average overall vacancy rate in each of the three communities over the past two years (2015 through 2017) and an average overall vacancy rate for the three communities combined for each of the years, reflecting a two-year period.

VACANCY RATE SUMMARY SURVEYED RENTAL UNITS FARIBAULT, NORTHFIELD AND OWATONNA 2015 through 2017			
Community	Units Surveyed	Units Vacant	Vacancy Rate
Faribault			
2017	1,133	9	0.8
2016	1,133	14	1.2
2015	1,133	15	1.3
Northfield			
2017	1,132	4	0.3
2016	1,132	17	1.5
2015	1,132	23	2.0
Owatonna			
2017	1,142	14	1.2
2016	1,142	29	2.5
2015	1,142	32	2.8
Combined			
2017	3,407	27	0.8%
2016	3,407	60	1.8%
2015	3,407	70	2.1%
Source: Maxfield Research and Consulting LLC			

In communities where there has been a limited supply of rental housing that has not kept pace with increasing demand, rents are increasing, on average, 2% to 3% annually, above the annual national inflation rate. Vacancies have decreased and continue to remain low, suggesting that demand for rental units has increased and continues to remain strong. An overall vacancy rate however, of less than 1% not only constricts consumer choice in the market, but also reduces the potential for future employment growth as companies may be deterred from locating in a community that does not have sufficient housing for workers and/or may be deterred from

hiring new workers, especially from outside of the area, if there is not sufficient housing availability.

High land and construction costs (substantial labor shortages) and construction and development companies focusing on housing markets where they are able to achieve higher yields for their investments has resulted in a substantial lack of investment in rental housing in outlying communities over the past four years and in some communities, new rental construction has not occurred for an even longer period of time. Single-family homes and owner-occupied townhomes have been converted to rental to support some of the demand for larger size units, but this takes away from the existing owner-occupied stock and in some cases, has created a severe shortage of entry-level housing for first-time homebuyers.

Demographic and Employment Review

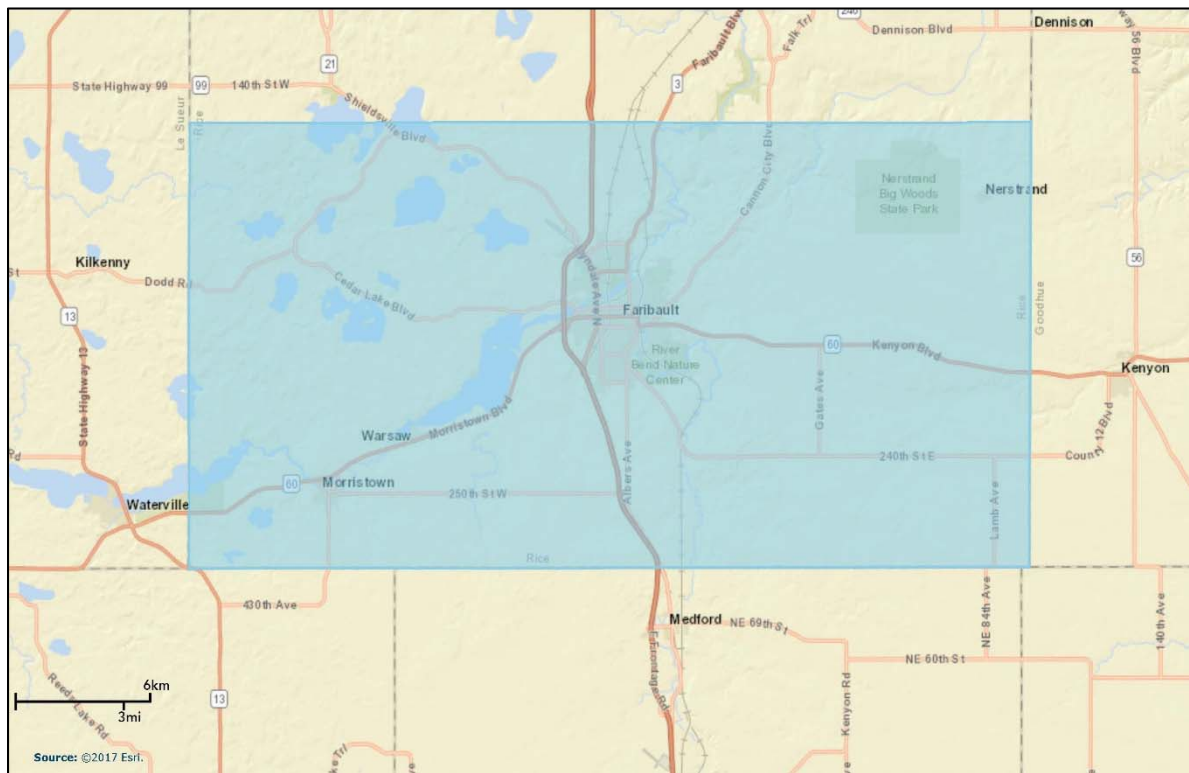
This section provides information on population and household growth trends, employment growth trends and demographic characteristics for each of the communities included in the analysis: Northfield, Faribault and Owatonna. Where appropriate, demographic data is also provided for Rice and Steele Counties as a comparison.

Draw areas were compiled for each of the communities with the understanding that there is also likely to be some cross-over between each of these communities in terms of employment and residential options, including apartments. As such, the draw areas identified for this memorandum would not necessarily reflect the draw area for a specific development that might be proposed in any one of the three communities. Jurisdictions included for the draw areas are shown on Table 1 below.

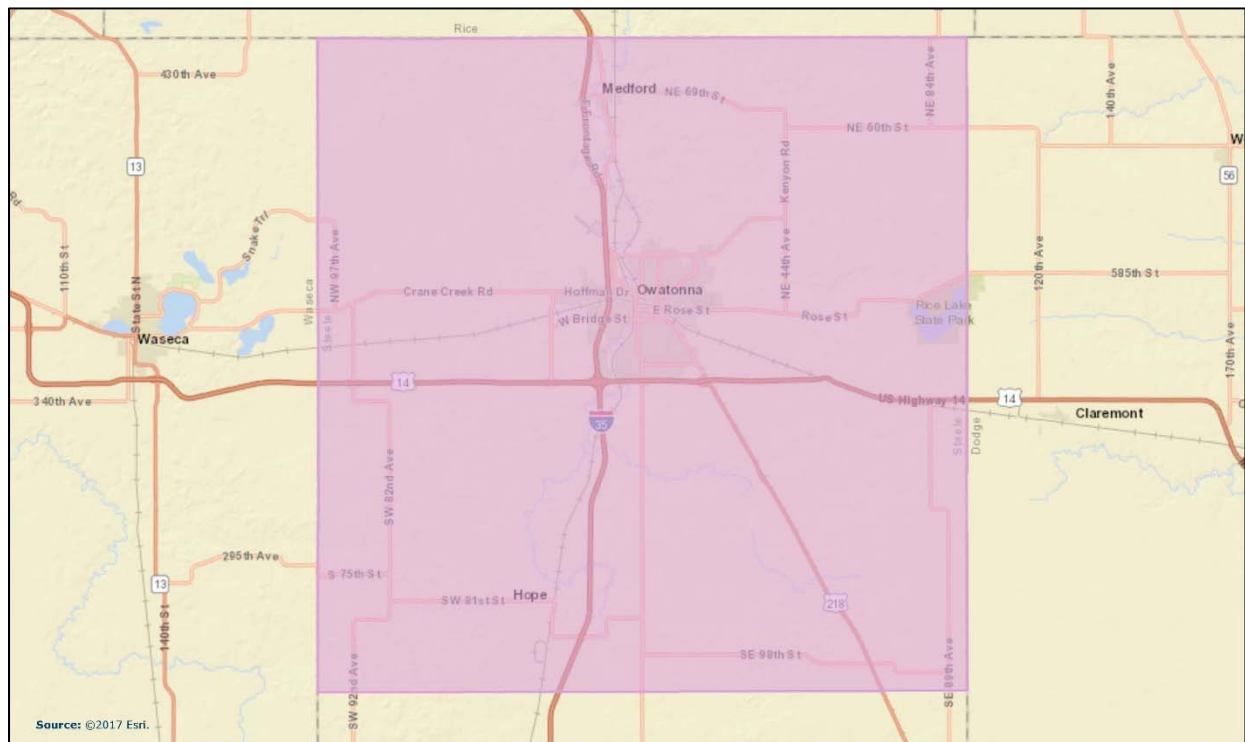
TABLE 1 DRAW AREAS NORTHFIELD, FARIBAULT, OWATONNA		
Northfield	Faribault	Owatonna
Bridgewater Twp.	Cannon City Twp.	Aurora Twp.
Dennison city	Faribault city	Clinton Falls Twp.
Dundas city	Morristown city	Deerfield Twp.
Forest Twp.	Morristown Twp.	Havana Twp.
Greenvale Twp.	Nerstrand city	Lemond Twp.
Lonsdale city	Richland Twp.	Medford city
Northfield city	Walcott Twp.	Medford Twp.
Northfield Twp.	Warsaw Twp.	Merton Twp.
Sciota Twp.	Wells Twp.	Owatonna city
Waterford Twp.	Wheeling Twp.	Owatonna Twp.
Webster Twp.		Somerset Twp.
Source: US Census		

The map displays the New Prague area in Minnesota, with the New Prague Area School District highlighted in orange. The district covers the cities of New Prague, Northfield, Dundas, and Northfield. Major roads shown include Highway 19, Highway 99, and Highway 50. Local streets such as Lonsdale Blvd W, Millersburg Blvd W, and Millersburg Blvd E are also visible. The map includes labels for surrounding areas like New Market, Elko, Randolph, and Nerstrand, as well as the Nerstrand Big Woods State Park. The source is cited as ©2017 Esri.

Faribault Draw Area



Owatonna Draw Area



Population and Household Growth Trends

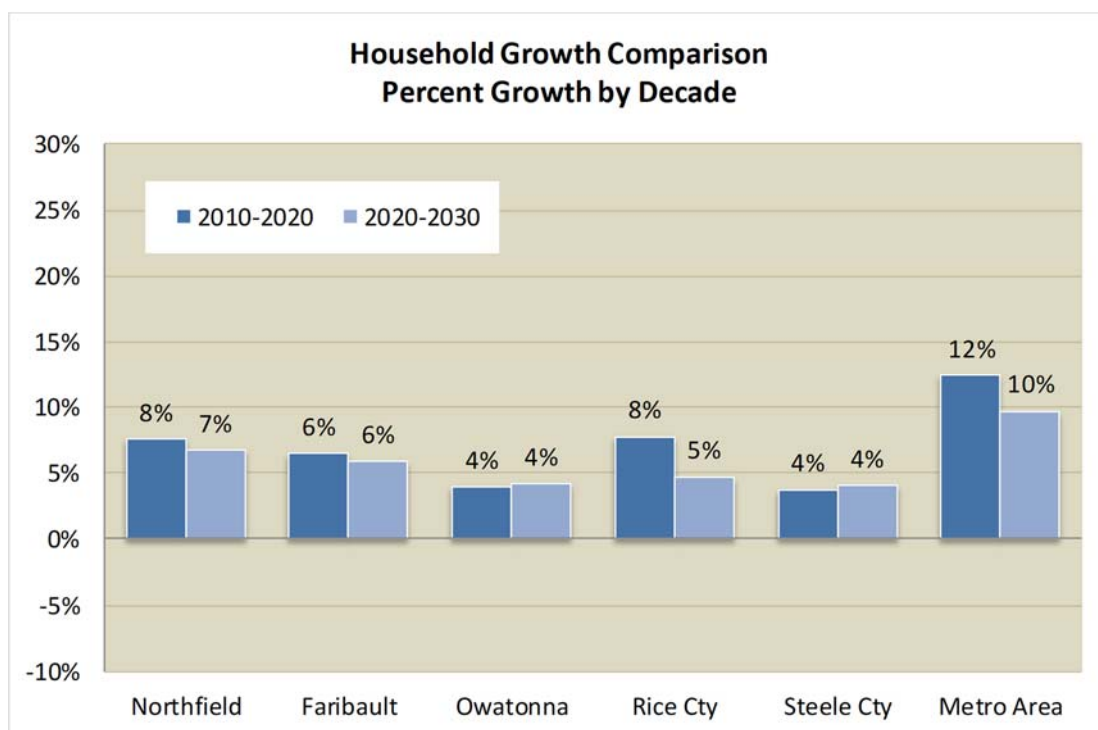
Table 2 shows a summary of population and household growth trends for each of the community draw areas along with Rice and Steele Counties and the 7-County Twin Cities Metro Area. Data was compiled from the US Census and from ESRI Inc., a national demographics forecasting and mapping provider. The projections for 2030 were derived from data provided by ESRI Inc. and were reviewed against data compiled by the Minnesota Demographic Center.

TABLE 2 POPULATION AND HOUSEHOLD GROWTH TRENDS AND PROJECTIONS DRAW AREAS 2000 - 2030									
	Census		Estimate	Forecast		Change			
						2000-2010		2010-2020	
	2000	2010	2017	2020	2030	No.	Pct.	No.	Pct.
Population									
Northfield Draw Area	26,319	32,576	33,961	34,513	36,407	6,257	23.8%	1,937	5.9%
Faribault Draw Area	30,234	32,517	33,765	34,297	36,069	2,283	7.6%	1,780	5.5%
Owatonna Draw Area	29,615	32,474	33,261	33,658	34,980	2,859	9.7%	1,184	3.6%
Rice County	56,665	64,142	66,489	68,179	70,883	7,477	13.2%	4,037	6.3%
Steele County	33,680	36,576	37,398	37,832	39,278	2,896	8.6%	1,256	3.4%
Twin Cities Metro Area*	2,642,062	2,849,567	3,073,520	3,127,660	3,388,950	207,505	7.9%	278,093	9.8%
Households									
Northfield Draw Area	8,081	10,808	11,389	11,622	12,400	2,727	33.7%	814	7.5%
Faribault Draw Area	10,822	11,839	12,380	12,603	13,345	1,017	9.4%	764	6.5%
Owatonna Draw Area	11,305	12,705	13,040	13,206	13,758	1,400	12.4%	501	3.9%
Rice County	18,888	22,315	23,338	24,046	25,179	3,427	18.1%	1,731	7.8%
Steele County	12,846	14,330	14,684	14,865	15,467	1,484	11.6%	535	3.7%
Twin Cities Metro Area*	1,021,456	1,117,749	1,204,920	1,256,580	1,378,470	96,293	9.4%	138,831	12.4%
*Includes the 7-County Area (Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington Counties)									
Sources: US Census Bureau; ESRI; Metropolitan Council; MN Demographic Ctr.; Maxfield Research & Consulting, LLC									

The table shows that during the 2000s, population and household growth in the Northfield draw area was robust, with that area increasing its population and household bases by 23.8% and 33.7%, respectively. Growth in Owatonna was second with 9.7% and 12.4% increases followed by Faribault with increases of 9.4% and 9.7%. All of these growth rates were very healthy and indicate that these regional centers continued to attract people and households. Higher growth rates for households versus population suggest shrinking household sizes and an overall aging of the household base with fewer people living in each household. Faribault had a slightly higher growth rate for population, which suggests that this community may have attracted larger households during the period from 2000 to 2010.

Growth rates are anticipated to moderate during the 2010s as each of these communities continues to age overall and as the economic recession in the early part of the decade reduced economic development throughout Minnesota. Growth from 2020 to 2030 is anticipated to be about the same rate as growth projected for 2010 to 2020, between 4% and 7% for each of the draw areas. These growth rates, while lower than during the 2000s, are nevertheless, considered to be healthy.

The graph below shows the percent growth by decade projected for each of the draw areas, the counties and the Twin Cities Metro Area.



Age Distribution

Tables 3 through 5 present age distribution trends for the Northfield, Faribault and Owatonna draw areas along with Rice and Steele Counties for the period 2000 to 2022. Data for 2000 and 2010 is compiled from the US Census while the 2017 estimates and 2022 projections were derived from data provided by ESRI, Inc.

Northfield

The table shows that the Northfield Draw Area expanded substantially during the 2000s with the age groups, 55 to 64 and 45 to 54 exhibiting the largest increases over the period, 1,514 (83%) for those ages 55 to 64 and 1,121 (35%) for those ages 45 to 54.

Over the next five years, 2017 to 2022, seniors are projected to experience the greatest growth in the area, with increases of 444 (17%) for people ages 65 to 74 and 362 for people age 75 years or older (17%). People ages 25 to 34 are projected to exhibit the third largest growth, 242 people or 7% over the five-year period. Similar trends are anticipated for Rice County, but the third largest numerical growth is projected for people ages 35 to 44 (400 people) in the county as a whole.

TABLE 3 AGE DISTRIBUTION NORTHFIELD DRAW AREA 2000 - 2022								
Age	Census		Estimate	Projection	Change			
					2000-2010		2017-2022	
	2000	2010	2017	2022	No.	Pct.	No.	Pct.
Draw Area								
Under-20	8,423	9,761	9,677	9,748	1,338	15.9	71	0.7
20 to 24	3,891	4,247	4,377	4,257	356	9.1	-120	-2.7
25 to 34	2,540	3,384	3,504	3,746	844	33.2	242	6.9
35 to 44	3,808	3,846	3,705	3,902	38	1.0	197	5.3
45 to 54	3,228	4,349	4,032	3,711	1,121	34.7	-321	-8.0
55 to 64	1,813	3,327	3,945	3,990	1,514	83.5	45	1.1
65 to 74	1,250	1,854	2,641	3,085	604	48.3	444	16.8
75+	1,366	1,808	2,080	2,442	442	32.4	362	17.4
Total	26,319	32,576	33,961	34,881	6,257	23.8	920	2.7
Rice County								
Under-20	17,474	18,243	17,922	18,158	769	4.4	236	1.3
20 to 24	5,775	6,174	6,293	6,073	399	6.9	-220	-3.5
25 to 34	6,628	7,653	8,057	8,272	1,025	15.5	215	2.7
35 to 44	8,894	8,019	7,822	8,222	-875	-9.8	400	5.1
45 to 54	6,972	9,265	8,543	7,873	2,293	32.9	-670	-7.8
55 to 64	4,447	6,907	8,153	8,374	2,460	55.3	221	2.7
65 to 74	3,201	4,146	5,447	6,269	945	29.5	822	15.1
75+	3,274	3,735	4,252	4,938	461	14.1	686	16.1
Total	56,665	64,142	66,489	68,179	7,477	13.2	1,690	2.5
Sources: U.S. Census Bureau; ESRI; Maxfield Research & Consulting, LLC								

Faribault

The table shows that the Faribault Draw Area experienced the strongest growth those in their middle ages, the cohorts age 45 to 54 and 55 to 64 during the 2000s. These age groups expanded 1,162 (30%) and 1,142 (40%) over the period.

Over the next five years, 2017 to 2022, seniors are projected to experience the greatest growth in the area, with increases of 423 (14%) for people ages 65 to 74 and 338 for people age 75

years or older (15%). People ages 35 to 44 are projected to exhibit the third largest growth, 203 people or 5% over the five-year period. As mentioned previously, similar trends are anticipated for Rice County.

TABLE 4 AGE DISTRIBUTION FARIBAUT DRAW AREA 2000 - 2022								
Age	Census		Estimate	Projection	Change			
					2000-2010		2017-2022	
	2000	2010	2017	2022	No.	Pct.	No.	Pct.
Draw Area								
Under-20	8,927	8,814	8,619	8,794	-113	-1.3	175	2.0
20 to 24	1,879	1,928	1,974	1,886	49	2.6	-88	-4.5
25 to 34	4,083	4,375	4,620	4,616	292	7.2	-4	-0.1
35 to 44	5,036	4,302	4,256	4,459	-734	-14.6	203	4.8
45 to 54	3,818	4,980	4,663	4,337	1,162	30.4	-326	-7.0
55 to 64	2,610	3,750	4,379	4,544	1,140	43.7	165	3.8
65 to 74	1,933	2,342	2,952	3,375	409	21.2	423	14.3
75+	1,948	2,026	2,302	2,640	78	4.0	338	14.7
Total	30,234	32,517	33,765	34,651	2,283	7.6	886	2.6
Rice County								
Under-20	17,474	18,243	17,922	18,158	769	4.4	236	1.3
20 to 24	5,775	6,174	6,293	6,073	399	6.9	-220	-3.5
25 to 34	6,628	7,653	8,057	8,272	1,025	15.5	215	2.7
35 to 44	8,894	8,019	7,822	8,222	-875	-9.8	400	5.1
45 to 54	6,972	9,265	8,543	7,873	2,293	32.9	-670	-7.8
55 to 64	4,447	6,907	8,153	8,374	2,460	55.3	221	2.7
65 to 74	3,201	4,146	5,447	6,269	945	29.5	822	15.1
75+	3,274	3,735	4,252	4,938	461	14.1	686	16.1
Total	56,665	64,142	66,489	68,179	7,477	13.2	1,690	2.5
Sources: U.S. Census Bureau; ESRI; Maxfield Research & Consulting, LLC								

Owatonna

The table shows that the Owatonna Draw Area experienced the strongest growth those in their middle ages, the cohorts age 45 to 54 and 55 to 64 during the 2000s. These age groups expanded 1,404 (58%) and 881 (23%) over the period.

Over the next five years, 2017 to 2022, seniors are projected to experience the greatest growth in the area, with increases of 546 (18%) for people ages 65 to 74 and 273 for people age 75 years or older (11%). People ages 35 to 44 are projected to exhibit the third largest growth, 224 people or 5.5% over the five-year period. These trends are similar for Steele County, which is

projected to show growth of 20% among people 65 to 74 and 11% among people age 75 years or older and 5.6% among people ages 35 to 44.

TABLE 5 AGE DISTRIBUTION OWATONNA DRAW AREA 2000 - 2022								
Age	Census		Estimate	Projection	Change			
					2000-2010		2017-2022	
	2000	2010	2017	2022	No.	Pct.	No.	Pct.
Draw Area								
Under-20	9,118	9,349	9,018	9,168	231	2.5	150	1.7
20 to 24	1,649	1,595	1,844	1,704	-54	-3.3	-140	-7.6
25 to 34	3,882	4,033	4,059	4,008	151	3.9	-51	-1.3
35 to 44	4,842	4,290	4,059	4,283	-552	-11.4	224	5.5
45 to 54	3,947	4,828	4,504	4,108	881	22.3	-396	-8.8
55 to 64	2,442	3,846	4,416	4,471	1,404	57.5	55	1.2
65 to 74	1,882	2,263	2,967	3,513	381	20.2	546	18.4
75+	1,853	2,270	2,394	2,667	417	22.5	273	11.4
Total	29,615	32,474	33,261	33,922	2,859	9.7	661	2.0
Steele County								
Under-20	10,316	10,472	10,062	10,233	156	1.5	171	1.7
20 to 24	1,836	1,774	2,053	1,879	-62	-3.4	-174	-8.5
25 to 34	4,313	4,506	4,528	4,461	193	4.5	-67	-1.5
35 to 44	5,462	4,759	4,507	4,758	-703	-12.9	251	5.6
45 to 54	4,467	5,449	5,064	4,594	982	22.0	-470	-9.3
55 to 64	2,798	4,346	4,995	5,048	1,548	55.3	53	1.1
65 to 74	2,182	2,589	3,369	4,027	407	18.7	658	19.5
75+	2,306	2,681	2,820	3,121	375	16.3	301	10.7
Total	33,680	36,576	37,398	38,121	2,896	8.6	723	1.9
Sources: U.S. Census Bureau; ESRI; Maxfield Research & Consulting, LLC								

Household Incomes

Tables 6 through 8 show household income by age of householder as estimated for 2017 with a projection for 2022. Data is compiled by ESRI Inc. and separated into seven income categories. Also shown is the median household income for each of the draw areas. Housing is considered affordable is a household spends no more than 30% of their income on housing costs. Homeowners are likely to spend somewhat less than this proportion (25% to 28%) while renters, especially those with lower incomes, may be spending more than this percentage and would be considered cost-burdened. Tight rental markets with rising rental rates typically placed the greatest pressure on low and moderate income households who may already be stretching their housing dollars to find and keep a suitable residence.

Northfield

The estimated 2017 median household income is highest in Northfield at \$76,451. Younger households in the Northfield Draw Area are estimated to have relatively high median incomes at \$52,843 for households under age 25 and \$72,439 for households age 25 to 34. This suggests that households in this area who are renting may be able to afford higher priced rental units depending on the proportion of households that are most likely to rent their housing. The median household income is projected to rise to \$83,796 by 2022, an increase of 1.9% per year, equal to the annual inflation rate.

TABLE 6 HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER NORTHFIELD DRAW AREA 2017 & 2022								
	Total	Age of Householder						
		<25	25-34	35-44	45-54	55-64	65 -74	75+
2017								
Less than \$15,000	674	45	74	66	69	122	105	193
\$15,000 to \$24,999	771	46	85	80	69	99	139	253
\$25,000 to \$34,999	639	37	103	79	73	96	94	157
\$35,000 to \$49,999	1,309	65	214	183	199	199	182	267
\$50,000 to \$74,999	2,131	94	363	345	378	375	339	237
\$75,000 to \$99,999	2,071	70	289	395	484	402	302	129
\$100,000 or more	3,793	61	498	773	969	927	433	132
Total	11,389	418	1,626	1,921	2,241	2,220	1,594	1,368
Median Income	\$76,451	\$52,843	\$72,439	\$85,954	\$90,199	\$86,599	\$68,780	\$38,411
2022								
Less than \$15,000	641	42	73	62	54	96	107	207
\$15,000 to \$24,999	692	40	78	58	52	77	127	260
\$25,000 to \$34,999	542	30	86	63	46	69	87	161
\$35,000 to \$49,999	1,095	55	178	136	135	142	168	281
\$50,000 to \$74,999	1,996	88	345	311	292	327	354	280
\$75,000 to \$99,999	2,146	78	312	406	429	393	358	171
\$100,000 or more	4,667	74	658	957	1,030	1,099	630	221
Total	11,778	407	1,729	1,992	2,037	2,202	1,830	1,580
Median Income	\$83,796	\$57,886	\$81,648	\$96,763	\$100,580	\$99,786	\$78,745	\$42,360
Change 2017-2022								
Less than \$15,000	-33	-3	-1	-4	-15	-26	2	14
\$15,000 to \$24,999	-79	-6	-7	-22	-17	-22	-12	7
\$25,000 to \$34,999	-97	-7	-17	-16	-27	-27	-7	4
\$35,000 to \$49,999	-215	-10	-36	-47	-64	-57	-14	14
\$50,000 to \$74,999	-135	-6	-18	-34	-86	-48	15	43
\$75,000 to \$99,999	75	8	23	11	-55	-9	56	42
\$100,000 or more	874	13	160	184	60	171	197	89
Total	389	-11	103	71	-204	-18	236	212
Median Income	\$7,345	\$5,043	\$9,209	\$10,809	\$10,381	\$13,187	\$9,965	\$3,949
Sources: ESRI; US Census Bureau; Maxfield Research & Consulting, LLC								

Faribault

The estimated 2017 median household income in the Faribault Draw Area was \$58,682. Younger households in the Faribault Draw Area are also estimated to have relatively high median household incomes compared to the other age groups. Households under age 25 are estimated to have a household income of \$50,674 while households age 25 to 34 are estimated to have a median household income of \$58,014. The median income is expected to rise to \$66,964 by 2022, an average annual increase of 2.7%, well above the annual inflation rate.

TABLE 7 HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER FARIBAULT DRAW AREA 2017 & 2022								
	Age of Householder							
Total	<25	25-34	35-44	45-54	55-64	65 -74	75+	
2017								
Less than \$15,000	867	56	93	85	84	159	161	229
\$15,000 to \$24,999	946	67	100	100	93	137	159	290
\$25,000 to \$34,999	1,063	79	141	151	126	161	185	220
\$35,000 to \$49,999	2,074	144	323	283	306	352	337	329
\$50,000 to \$74,999	2,729	178	486	470	529	535	352	179
\$75,000 to \$99,999	2,107	123	272	382	497	415	248	170
\$100,000 or more	2,572	61	324	499	673	659	276	80
Total	12,358	708	1,739	1,970	2,308	2,418	1,718	1,497
Median Income	\$58,682	\$50,674	\$58,014	\$67,469	\$75,539	\$66,601	\$50,779	\$35,278
2022								
Less than \$15,000	827	53	92	82	61	131	161	247
\$15,000 to \$24,999	861	62	84	78	64	106	158	309
\$25,000 to \$34,999	912	65	109	129	87	124	178	220
\$35,000 to \$49,999	1,771	122	263	223	221	278	322	342
\$50,000 to \$74,999	2,632	177	455	462	426	507	385	220
\$75,000 to \$99,999	2,348	152	298	422	473	457	318	228
\$100,000 or more	3,385	81	430	660	776	871	419	148
Total	12,736	712	1,731	2,056	2,108	2,474	1,941	1,714
Median Income	\$66,964	\$55,332	\$64,910	\$77,268	\$83,104	\$78,721	\$57,510	\$37,576
Change 2017-2022								
Less than \$15,000	-40	-3	-1	-3	-23	-28	0	18
\$15,000 to \$24,999	-85	-5	-16	-22	-29	-31	-1	19
\$25,000 to \$34,999	-151	-14	-32	-22	-39	-37	-7	0
\$35,000 to \$49,999	-303	-22	-60	-60	-85	-74	-15	13
\$50,000 to \$74,999	-97	-1	-31	-8	-103	-28	33	41
\$75,000 to \$99,999	241	29	26	40	-24	42	70	58
\$100,000 or more	813	20	106	161	103	212	143	68
Total	378	4	-8	86	-200	56	223	217
Median Income	\$8,282	\$4,658	\$6,896	\$9,799	\$7,565	\$12,120	\$6,731	\$2,298

Sources: ESRI; US Census Bureau; Maxfield Research & Consulting, LLC

Owatonna

The estimated 2017 median household income in the Faribault Draw Area was \$58,682. Younger households in the Faribault Draw Area are also estimated to have relatively high median household incomes compared to the other age groups. Households under age 25 are estimated to have a household income of \$50,674 while households age 25 to 34 are estimated to have a median household income of \$58,014. The median income is expected to rise to \$66,964 by 2022, an average annual increase of 2.7%, well above the annual inflation rate.

TABLE 8 HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER OWATONNA DRAW AREA 2017 & 2022								
	Age of Householder							
Total	<25	25-34	35-44	45-54	55-64	65 -74	75+	
2017								
Less than \$15,000	1,076	67	97	108	100	193	184	327
\$15,000 to \$24,999	843	32	88	76	83	111	139	314
\$25,000 to \$34,999	905	52	122	119	108	124	160	220
\$35,000 to \$49,999	1,721	96	265	227	234	296	283	320
\$50,000 to \$74,999	2,935	135	567	499	597	549	381	207
\$75,000 to \$99,999	2,286	55	371	429	605	450	261	115
\$100,000 or more	3,281	32	415	748	791	798	375	122
Total	13,047	469	1,925	2,206	2,518	2,521	1,783	1,625
Median Income	\$64,489	\$47,354	\$64,474	\$78,155	\$79,028	\$74,173	\$56,024	\$32,250
2022								
Less than \$15,000	1,036	64	93	107	71	160	198	343
\$15,000 to \$24,999	759	31	73	56	59	90	135	315
\$25,000 to \$34,999	774	41	95	98	74	94	157	215
\$35,000 to \$49,999	1,448	84	209	179	161	223	272	320
\$50,000 to \$74,999	2,752	132	517	471	476	490	423	243
\$75,000 to \$99,999	2,402	63	386	460	550	457	332	154
\$100,000 or more	4,167	41	519	945	881	1,014	573	194
Total	13,338	456	1,892	2,316	2,272	2,528	2,090	1,784
Median Income	\$73,799	\$50,861	\$72,077	\$86,291	\$86,005	\$84,332	\$64,419	\$35,613
Change 2017-2022								
Less than \$15,000	-40	-3	-4	-1	-29	-33	14	16
\$15,000 to \$24,999	-84	-1	-15	-20	-24	-21	-4	1
\$25,000 to \$34,999	-131	-11	-27	-21	-34	-30	-3	-5
\$35,000 to \$49,999	-273	-12	-56	-48	-73	-73	-11	0
\$50,000 to \$74,999	-183	-3	-50	-28	-121	-59	42	36
\$75,000 to \$99,999	116	8	15	31	-55	7	71	39
\$100,000 or more	886	9	104	197	90	216	198	72
Total	291	-13	-33	110	-246	7	307	159
Median Income	\$9,310	\$3,507	\$7,603	\$8,136	\$6,977	\$10,159	\$8,395	\$3,363

Sources: ESRI; US Census Bureau; Maxfield Research & Consulting, LLC

Tenure by Age of Householder

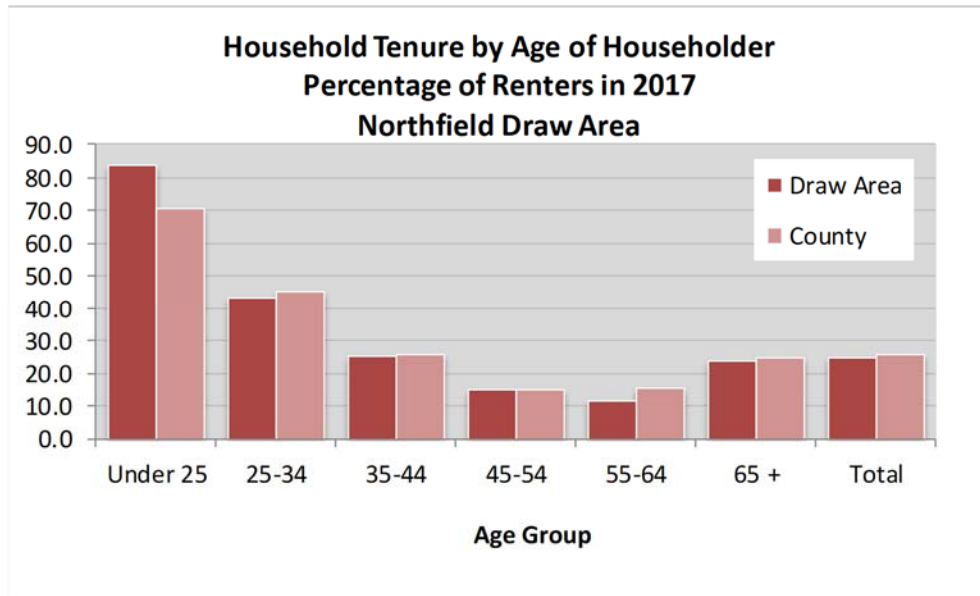
Tables 9 through 11 shows tenure by age of householder for each of the draw areas along with comparison data for Rice and Steele Counties. The data is shown for 2010 and 2017 from the Decennial Census (2010) and from the 5-year American Community Survey estimates.

Northfield

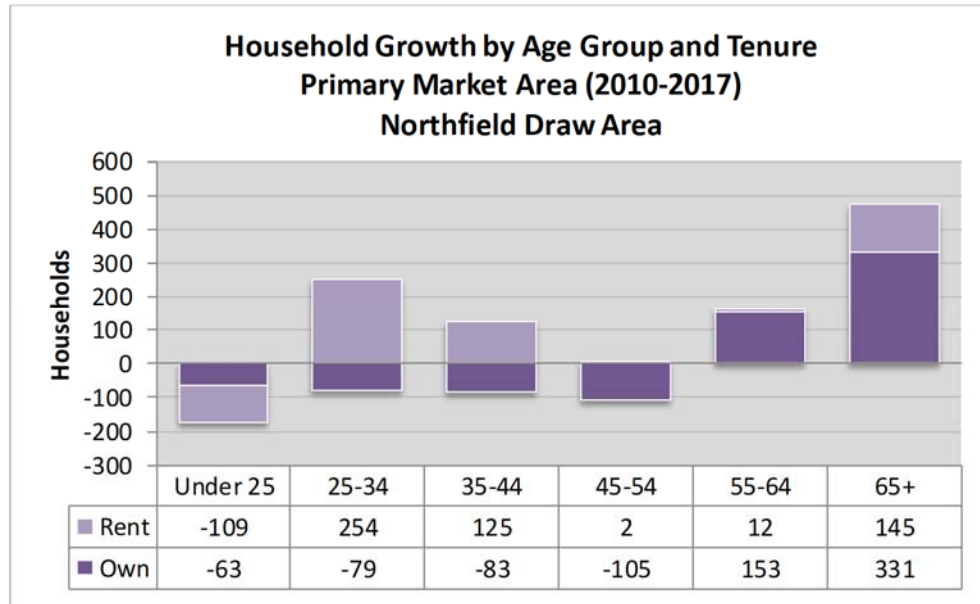
The table shows that the proportion of renter households increased to 24.6% from 22.0% while the proportion of owner households decreased over the same period. In Rice County as a whole, owner and renter households increased numerically but renter households increased more, causing the proportion of owner households to drop slightly. Large proportional increases in renter households for the Draw Area were in the under 45 age groups.

TABLE 9 TENURE BY AGE OF HOUSEHOLDER NORTHFIELD DRAW AREA 2010 & 2017									
Age		Draw Area				Rice County			
		2010		2017		2010		2017	
		No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
Under 25	Own	106	24.1	43	16.0	254	21.6	216	29.3
	Rent	333	75.9	224	84.0	923	78.4	521	70.7
	Total	439	100.0	267	100.0	1,177	100.0	738	100.0
25-34	Own	1,084	67.6	1,005	56.5	2,047	63.6	1,936	54.4
	Rent	520	32.4	774	43.5	1,172	36.4	1,619	45.6
	Total	1,604	100.0	1,779	100.0	3,219	100.0	3,555	100.0
35-44	Own	1,623	80.1	1,540	74.5	3,114	78.2	2,938	74.0
	Rent	403	19.9	528	25.5	867	21.8	1,034	26.0
	Total	2,026	100.0	2,067	100.0	3,981	100.0	3,972	100.0
45-54	Own	2,106	85.6	2,001	84.9	4,151	83.7	4,074	84.9
	Rent	353	14.4	355	15.1	809	16.3	722	15.1
	Total	2,459	100.0	2,356	100.0	4,960	100.0	4,797	100.0
55-64	Own	1,687	87.9	1,840	88.3	3,398	86.2	3,718	84.6
	Rent	233	12.1	245	11.7	546	13.8	679	15.4
	Total	1,920	100.0	2,084	100.0	3,944	100.0	4,397	100.0
65 +	Own	1,823	77.2	2,154	76.0	3,933	78.1	4,420	75.2
	Rent	537	22.8	682	24.0	1,101	21.9	1,460	24.8
	Total	2,360	100.0	2,835	100.0	5,034	100.0	5,879	100.0
TOTAL	Own	8,429	78.0	8,582	75.4	16,897	75.7	17,302	74.1
	Rent	2,379	22.0	2,807	24.6	5,418	24.3	6,036	25.9
	Total	10,808	100.0	11,389	100.0	22,315	100.0	23,338	100.0

Sources: U.S. Census Bureau; Maxfield Research & Consulting, LLC



The graph below shows the numerical increase or decrease in renter and owner households by age group for the Northfield draw area. The largest increases are among households age 25 to 34, 35 to 44 and 65+.

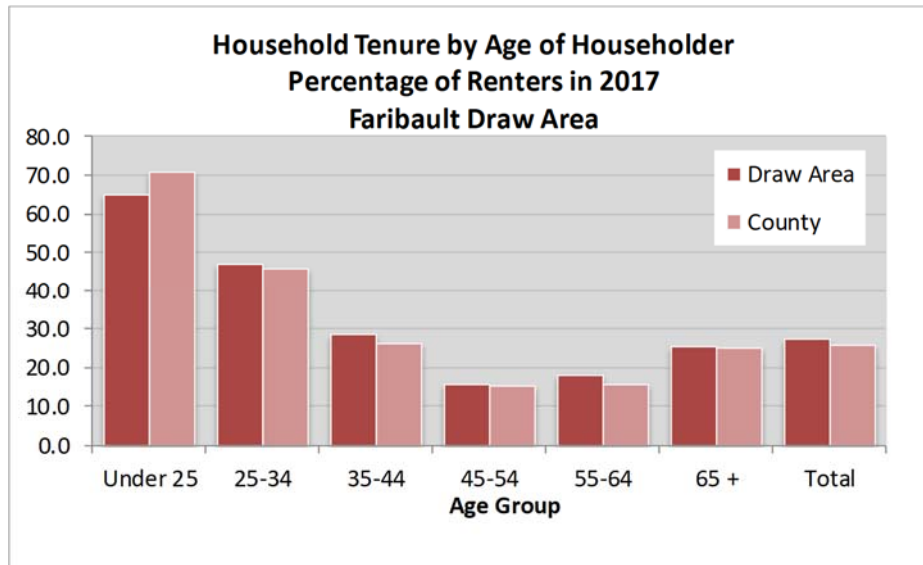


Faribault

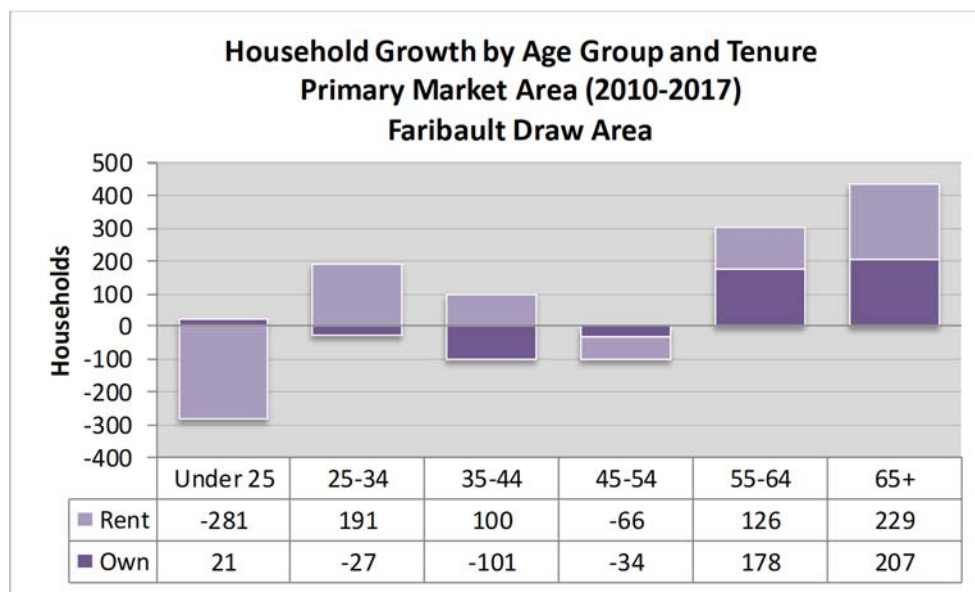
The table shows that the proportion of renter households in the Faribault Draw Area increased to 27.2% from 25.2% while the proportion of owner households decreased over the same period. In Rice County as a whole, owner and renter households increased, but the increase in renter households was much larger, causing the renter household proportion to increase to nearly 26.0% in Rice County. Large proportional increases in renter households in the Faribault Draw Area are shown primarily for the age categories, 25 to 34 and 35 to 44, the prime renter age cohorts. Households under age 25 decreased overall in terms of number, which resulted in a significant decrease in the renter household base.

TABLE 10 TENURE BY AGE OF HOUSEHOLDER FARIBAULT DRAW AREA 2010 & 2017									
Age		Draw Area				Rice County			
		2010		2017		2010		2017	
		No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
Under 25	Own	147	19.8	168	34.9	254	21.6	216	29.3
	Rent	594	80.2	313	65.1	923	78.4	521	70.7
	Total	741	100.0	481	100.0	1,177	100.0	738	100.0
25-34	Own	1,006	60.1	979	53.2	2,047	63.6	1,936	54.4
	Rent	669	39.9	860	46.8	1,172	36.4	1,619	45.6
	Total	1,675	100.0	1,838	100.0	3,219	100.0	3,555	100.0
35-44	Own	1,551	76.6	1,450	71.6	3,114	78.2	2,938	74.0
	Rent	474	23.4	574	28.4	867	21.8	1,034	26.0
	Total	2,025	100.0	2,024	100.0	3,981	100.0	3,972	100.0
45-54	Own	2,090	82.3	2,056	84.3	4,151	83.7	4,074	84.9
	Rent	450	17.7	384	15.7	809	16.3	722	15.1
	Total	2,540	100.0	2,440	100.0	4,960	100.0	4,797	100.0
55-64	Own	1,801	85.3	1,979	81.9	3,398	86.2	3,718	84.6
	Rent	311	14.7	437	18.1	546	13.8	679	15.4
	Total	2,112	100.0	2,416	100.0	3,944	100.0	4,397	100.0
65 +	Own	2,173	79.1	2,380	74.8	3,933	78.1	4,420	75.2
	Rent	573	20.9	802	25.2	1,101	21.9	1,460	24.8
	Total	2,746	100.0	3,181	100.0	5,034	100.0	5,879	100.0
TOTAL	Own	8,768	74.1	9,011	72.8	16,897	75.7	17,302	74.1
	Rent	3,071	25.9	3,369	27.2	5,418	24.3	6,036	25.9
	Total	11,839	100.0	12,380	100.0	22,315	100.0	23,338	100.0

Sources: U.S. Census Bureau; Maxfield Research & Consulting, LLC



The graph below shows the numerical increase or decrease in renter and owner households by age group for the Faribault draw area. The largest increases in renter households are among the age groups 65+ and 25 to 34. The age cohorts 55 to 64 and 35 to 44 however, also showed significant increases in renter households over the period.

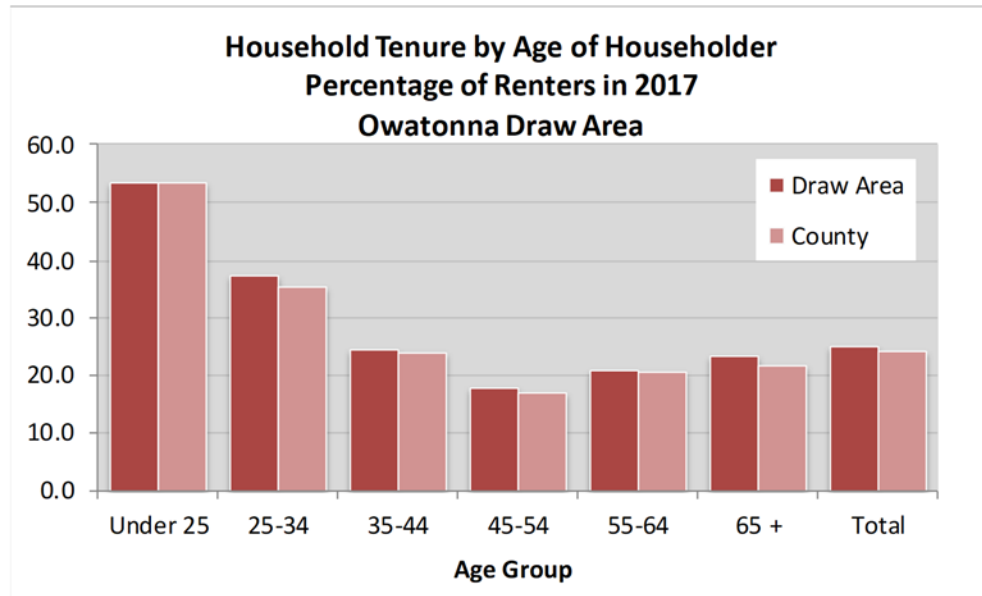


Owatonna

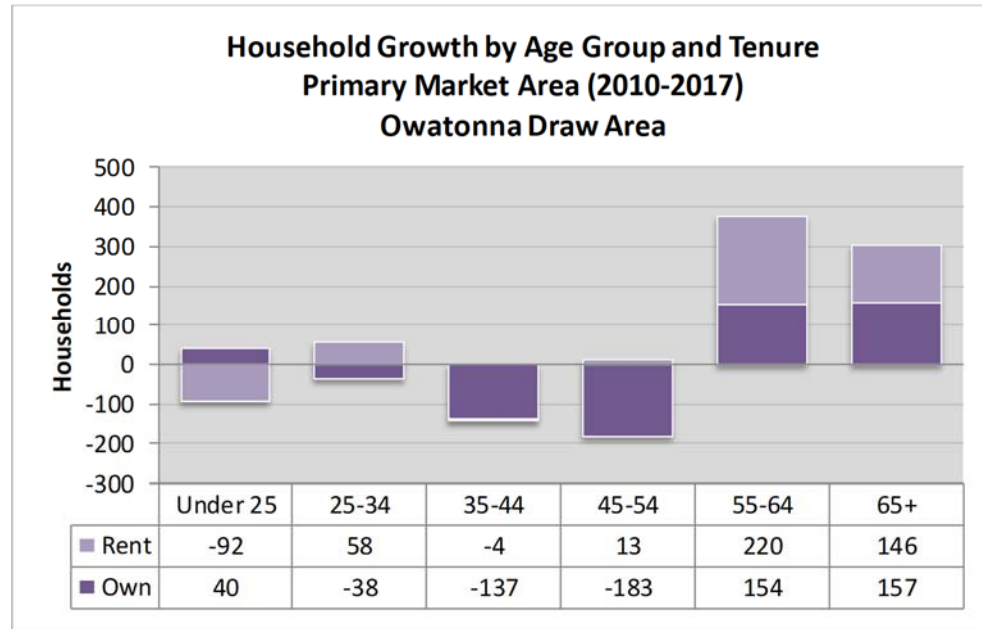
The table shows that the proportion of renter households in the Owatonna Draw Area increased to 24.9% from 22.9% while the proportion of owner households decreased over the same period. In Steele County as a whole, owner households and renter households both increased numerically, but renter households increased by a larger number, causing the proportion of renter households to rise against the owner household base. Large proportional increases in renter households for the Owatonna Draw Area are shown primarily for the age categories, 25 to 34 and 35 to 44, the prime renter age cohorts. Households under age 25 decreased overall in terms of number, which resulted in a significant decrease in the renter household base.

TABLE 11 TENURE BY AGE OF HOUSEHOLDER OWATONNA DRAW AREA 2010 & 2017									
Age		Draw Area				Steele County			
		2010		2017		2010		2017	
		No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
Under 25	Own	162	33.4	202	46.6	179	33.6	232	46.5
	Rent	323	66.6	231	53.4	353	66.4	267	53.5
	Total	485	100.0	433	100.0	532	100.0	499	100.0
25-34	Own	1,265	65.3	1,227	62.7	1,436	66.3	1,427	64.6
	Rent	673	34.7	731	37.3	731	33.7	784	35.4
	Total	1,938	100.0	1,958	100.0	2,167	100.0	2,211	100.0
35-44	Own	1,824	76.9	1,687	75.6	2,030	77.6	1,839	76.3
	Rent	548	23.1	544	24.4	586	22.4	570	23.7
	Total	2,372	100.0	2,232	100.0	2,616	100.0	2,409	100.0
45-54	Own	2,292	84.0	2,109	82.4	2,591	84.3	2,382	83.2
	Rent	437	16.0	450	17.6	481	15.7	480	16.8
	Total	2,729	100.0	2,559	100.0	3,072	100.0	2,861	100.0
55-64	Own	1,920	85.6	2,074	79.3	2,186	86.2	2,341	79.5
	Rent	322	14.4	542	20.7	351	13.8	604	20.5
	Total	2,242	100.0	2,617	100.0	2,537	100.0	2,944	100.0
65 +	Own	2,336	79.5	2,493	76.9	2,713	79.7	2,946	78.4
	Rent	603	20.5	749	23.1	693	20.3	813	21.6
	Total	2,939	100.0	3,242	100.0	3,406	100.0	3,759	100.0
TOTAL	Own	9,799	77.1	9,792	75.1	11,135	77.7	11,167	76.0
	Rent	2,906	22.9	3,248	24.9	3,195	22.3	3,517	24.0
	Total	12,705	100.0	13,040	100.0	14,330	100.0	14,684	100.0

Sources: U.S. Census Bureau; Maxfield Research & Consulting, LLC



The graph below shows the numerical increase or decrease in renter and owner households by age group for the Owatonna Draw Area. The largest increases in renter households are among the age groups 55 to 64 and 65+.



Employment Growth Trends – Rice and Steele Counties

Table 12 below shows growth in employment for Rice and Steele Counties from 2000 through 2nd Quarter 2017 with projections for 2020 and 2025. This information was compiled from the Quarterly Census of Employment and Wages (QCEW) produced by the Department of Labor and published by the Minnesota Department of Employment and Economic Development (MN DEED). Southeast Minnesota, which includes Rice and Steele Counties is projected to be the second fastest growing region in the State.

Table 12 shows that Rice County gained a net four jobs between 2000 and 2010 after losing jobs during the recession. Steele County however, gain jobs over the period, increasing by 1.4% during the 2000s and again by 829 jobs (4.1%) between 2010 and 2017. Similarly, Rice County's job growth surged between 2010 and 2017, increasing by 2,817 jobs or 12.6%. The proportional increase in jobs in Rice County nearly matched that of the Twin Cities Metro Area which experienced a 13.0% increase in jobs during the same period.

Looking forward to 2020 and 2025, projections were calculated based on recent job growth trends for each county and for the Southeast Region as a whole. Projections to 2020 show each county forecast to increase its employment base, Rice County by 6.1% and Steele County by 3.0%. From 2020 to 2025, Rice County is projected to add 2,800 new jobs while Steele County is projected to add 1,110 jobs.

TABLE 12 EMPLOYMENT GROWTH TRENDS AND PROJECTIONS RICE AND STEELE COUNTIES 2000 to 2025						
Annual Employment	Rice County		Steele County		Twin Cities Metro Area	
2000	22,340		19,988		1,600,741	
2005	22,166		20,019		1,593,692	
2010	22,344		20,272		1,537,041	
2017	25,161		21,101		1,737,532	
2020 Forecast	26,700		21,740		1,791,080	
2025 Forecast	29,500		22,850		1,852,065	
Change	No.	Pct.	No.	Pct.	No.	Pct.
2000 - 2010	4	0.0%	284	1.4%	-63,700	-4.0%
2010 - 2017	2,817	12.6%	829	4.1%	200,491	13.0%
2017 - 2020	1,539	6.1%	639	3.0%	53,548	3.1%
2020 - 2025	2,800	10.5%	1,110	5.1%	60,985	3.4%
Sources: MN DEED; Metropolitan Council; Maxfield Research & Consulting, LLC						

Job growth is closely tied to household growth and the need for housing units. A lack of housing can constrain economic development and job growth if workers are not able to find suitable housing. Workers may not be willing to commute significant distances for certain types of jobs or they may prefer to reside closer to their work. If housing is not available in communities where there is a growing employment base, companies may be forced to consider other locations or may relocate to areas that have a larger labor force or more housing to accommodate a growing worker base.



Request for Action

TO: Faribault Economic Development Authority
FROM: Deanna Kuennen, Community & Economic Development Director
MEETING DATE: August 18, 2022
SUBJECT: Consider Modifications to the Development Program for Development District 1 and the Proposed establishment of Tax Increment Financing District No. 16 (Resolution 2022-08)

BACKGROUND:

Tax Increment Financing (TIF) Background/Process:

The process to approve and establish a tax increment financing district in the City of Faribault involves actions by both the EDA and the City Council. Section 3 of the EDA's Enabling Resolution establishes that the EDA is responsible for the review and processing of tax increment finance districts (TIF), and is the party that enters into private development agreements associated with TIF. From a process standpoint, this means:

1. The EDA must review the TIF plan to ensure that the plans follow the requirements of state statutes related to TIF laws, that the TIF plan (development activity) is consistent with the city's development plans, and that the public assistance being provided is only what is necessary to make the private development financially feasible.
2. Based on this review - the EDA can then approve via resolution, the Tax Increment Finance Plan associated with a project and make a recommendation to the City Council to establish the TIF District.
3. Prior to a district being established, the City Council is required to hold a public hearing and at the conclusion of the public hearing takes action to approve the establishment of the district.
4. After the district is established, the EDA enters into a contract for private development with the developer, outlining the requirements of the TIF, and then is responsible for ensuring that the development plans are implemented/built before the TIF Note is issued.

Per the Enabling Resolution:

SECTION 3. TRANSFER OF TAX INCREMENT AUTHORITY

Section 3.1. The City shall transfer the control, authority and operation of its tax increment development plans pursuant to Chapter 462, implemented by Resolutions 85-151, 85-140, 85-22, 85-21, 85-20, 81-168, 81-5, and pursuant to Chapter 472A, implemented by Resolutions 85-141 and 83-58, located within the City, from the governmental agency or subdivision that established the project to the EDA. The City Council requires acceptance of control, authority, and operation of the tax increment development plans by the EDA. The EDA may exercise all of the powers that the governmental unit establishing the project could exercise with respect to the project.

When a project or program is transferred to the EDA, it shall covenant and pledge to perform the terms, conditions, and covenants of the bond indenture or other agreements executed for the security of any bonds issued by the governmental subdivision that initiated the project or program. The EDA may exercise all of the powers necessary to perform the terms, conditions, and covenants of any indenture or other agreements executed for the security of the bonds when the project or program is transferred.

Generally, before the official actions associated with adopting the tax increment financing plan, and even before a TIF application is submitted - the development plan/concept has been discussed publically with the City Council to determine whether or not the Council supports the activity. The City Council is also asked to weigh in on their willingness to support the pursuit of tax increment financing (or tax abatement). This is done to provide a level of comfort to the developer (no official approvals - but an understanding that there is a level of support associated with the ask). This step has proven to be vital as it prevents a waste of time and money if there is no Council support for a proposed project, understanding that a lot of details are required prior to submitting a TIF application and prior to developing the Tax Increment Financing Plan.

Farmer Seed Redevelopment - Project Information and Plan:

KK&G Properties LLC ("Developer") acquired the Farmer Seed building located at 818 4th Street NW with the intent of redeveloping the site and buildings into indoor storage. After further investigation of the property, indepth structural analysis, and environmental review - it was determined that there is no cost-effective way to rehabilitate five (5) of the seven (7) buildings. The Developer has obtained the required Certificates of Appropriateness from the City of Faribault Heritage Preservation Commission (required since the building is listed on the National Register of Historic Places), successfully worked with the City to apply for and be awarded both a DEED Redevelopment Grant and a DEED Cleanup Grant (totalling \$855,000) to assist with the costs associated with the demolition and environmental cleanup of the site, and has had multiple conversations in work sessions with the City Council regarding the need for tax increment financing (TIF) to support the cleanup and redevelopment of the property. The City Council worked with a consultant to complete a Blight Analysis necessary to determine that the

site is eligible for a Redvelopment TIF District, and passed the required resolutions to declare the property blighted per the state statute definitions. These actions have all been done to support the redevelopment proposal and reuse of the site as proposed by the Developer.

The Developer intends to build a 48,470 SF indoor/controlled-climate storage facility and a 54-unit market rate apartment on the former Farmer Seed and Nursery site. The Developer has received approval to re-plat the site into MIDWEST FIRST SUBDIVISION (Resolution 2022-171), a Conditional Use Permit for a stand alone multi-family residential building in a commercial district (Resolution 2022-172), and setback variances for the apartment building.





TIF PLAN No. 16 - Farmer Seed:

The project is seeking public assistance in the form of a Redevelopment TIF district to offset some of the costs associated with cleaning up the contaminated site, demolition of the substandard buildings, and other eligible redevelopment TIF expenses. A public hearing is scheduled for August 23, 2022 with the City Council, and prior to that public hearing the EDA is required to consider the modifications to Development District No. 1 and determine whether the TIF plan for TIF No. 16 conforms to the requirements of the TIF statutes for a redevelopment district - *M.S., Section 469.174, Subs. 10 (a)(1)*.

- The District is a redevelopment district consisting of one (1) parcel.
- An inventory shows that parcels consisting of more than 70% of the area in the District are occupied by buildings, streets, utilities, paved or gravel parking lots or other similar structures.
- An inspection of the buildings located within the District finds that more than 50% of the buildings are structurally substandard as defined in the TIF Act. (See Appendix D).

Ehlers has conducted a financial analysis, evaluating the project details and the Developer's TIF request. This analysis was based on representations made by the Developer and a review of the Developer's proforma. The conclusions are:

- The redevelopment district is a 25-year district after the receipt of the first increment by the City (26 years of tax increment). The first increment is expected in 2024 - and therefore, the TIF district would terminate in 2050 or when the TIF Plan is satisfied. (The City reserves the right to decertify the district prior to the legally required date.)
- It is estimated that the total estimated amount of tax increment generated over the life of the District is \$4,489,321. This does not represent the amount of TIF assistance for the project, but is the maximum amount of increment that will be generated.
- The proposed development has qualifying costs that meet or exceed the increment projected in the district. However, the actual assistance to the developer is estimated to be around \$1.3. (The

TIF Plan represents the maximum budget to provide flexibility in administering the district.)

- The development will not proceed "but-for" the use of public assistance.

REQUESTED ACTION:

Based on the information provided in the Modification to the Development Program & Tax Increment Financing (TIF) Plan for the Establishment of Tax Increment Financing District No. 16 - Farmer Seed Building (a redevelopment district) - the EDA is asked to consider Resolution 2022-08 *Recommending the City Council Modify Development District No. 1 to Establish Tax Increment Financing District No. 16: Farmer Seed Building Therein and Adopt a Modification to the Development Program and Adopt the Tax Increment Financing Plan Therefor.*

ATTACHMENTS:

1. Res 2022-08 Establishing TIF District 16 and recommending City Council modify same
2. TIF Plan.Faribault TIF 16

RESOLUTION NO. 2022-08

**FARIBAULT ECONOMIC DEVELOPMENT AUTHORITY
CITY OF FARIBAULT
RICE COUNTY
STATE OF MINNESOTA**

**RESOLUTION RECOMMENDING THE CITY COUNCIL MODIFY
DEVELOPMENT DISTRICT NO. 1, ESTABLISH TAX INCREMENT
FINANCING DISTRICT NO. 16: FARMER SEED BUILDING THEREIN
AND ADOPT A MODIFICATION TO THE DEVELOPMENT PROGRAM
AND ADOPT THE TAX INCREMENT FINANCING PLAN THEREFOR.**

WHEREAS, There is a proposal to modify Development District No. 1, establish Tax Increment Financing District No. 16: Farmer Seed Building (a redevelopment district), adopt a Modification to the Development Program (the "Development Program Modification"), and adopt the Tax Increment Financing Plan (the "TIF Plan") therefor (the Development Program Modification and the TIF Plan are referred to collectively herein as the "Program Modification and TIF Plan"), all pursuant to and in conformity with applicable law, including Minnesota Statutes, Sections 469.124 to 469.134, and Sections 469.174 to 469.1799, inclusive, as amended (the "Act"); and

WHEREAS, the City of Faribault (the "City") has investigated the facts relating to the Program Modification and TIF Plan and has caused the Program Modification and TIF Plan to be prepared; and

WHEREAS, the City has performed all actions required by law to be performed prior to the adoption of the Program Modification and TIF Plan, and has scheduled a public hearing on the Program Modification and TIF Plan upon published notice as required by law.

NOW, THEREFORE, BE IT RESOLVED by the Faribault Economic Development Authority as follows:

1. The EDA hereby finds that the Program Modification and TIF Plan conform in all respects to the requirements of the Act; will provide an impetus for redevelopment of a contaminated site with structurally deficient buildings.

2. The EDA further finds that the Program Modification and TIF Plan will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development or redevelopment of Development District No. 1 by private enterprise in that the intent is to provide only that public assistance necessary to make the private developments financially feasible.

3. The EDA hereby approves the Program Modification and TIF Plan, as presented to the EDA on this date, and recommends that they be established and adopted by the City Council.

4. The President, Secretary and Executive Director, staff and consultants are hereby authorized and directed to take any and all additional steps and actions necessary or convenient in order to accomplish the intent of this Resolution.

Approved by the Faribault Economic Development Authority this 18th day of August, 2022.

By: _____
Rodney Gramse
Its: President

By: _____
A.J. Smith
Its: Secretary

Adoption Date: August 23, 2022

City of Faribault Rice County, Minnesota

MODIFICATION TO THE DEVELOPMENT PROGRAM

Development District No. 1

&

Tax Increment Financing (TIF) Plan

Establishment of Tax Increment Financing

District No. 16-Farmer Seed Building

(a redevelopment district)



Prepared by:

Ehlers
3060 Centre Pointe Drive
Roseville, Minnesota 55113

BUILDING COMMUNITIES. IT'S WHAT WE DO.

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Modification to the Development Program for Development District No. 1

FOREWORD

The following text represents a Modification to the Development Program for Development District No. 1. This modification represents a continuation of the goals and objectives set forth in the Development Program for Development District No. 1. Generally, the substantive changes include the establishment of Tax Increment Financing District No. 16-Farmer Seed Building.

For further information, a review of the Development Program for Development District No. 1, is recommended. It is available from the Community and Economic Development Director at the City of Faribault. Other relevant information is contained in the tax increment financing plans for the tax increment financing districts located within Development District No. 1.

Tax Increment Financing Plan for Tax Increment Financing District No. 16-Farmer Seed Building

FOREWORD

The City of Faribault (the "City"), staff and consultants have prepared the following information to expedite the Establishment of Tax Increment Financing District No. 16-Farmer Seed Building (the "District"), a redevelopment tax increment financing district, located in Development District No. 1.

STATUTORY AUTHORITY

Within the City, there exist areas where public involvement is necessary to cause development or redevelopment to occur. To this end, the City has certain statutory powers pursuant to *Minnesota Statutes ("M.S."), Sections 469.124 - 469.133*, inclusive, as amended, and *M.S., Sections 469.174 to 469.1794*, inclusive, as amended (the "TIF Act"), to assist in financing public costs related to this project.

This section contains the Tax Increment Financing Plan (the "TIF Plan") for the District. Other relevant information is contained in the Modification to the Development Program for Development District No. 1.

STATEMENT OF OBJECTIVES

The District currently consists of one (1) parcel of land and adjacent roads and internal rights-of-way. The District is being created to facilitate redevelopment of the Farmer Seed & Nursery property for construction of 48,470 square feet of climate controlled storage and 52 units of market rate rental housing in the City. The City intends to enter into an agreement with KK&G Properties, LLC as the developer. Development is anticipated to begin in 2022. This TIF Plan is expected to achieve many of the objectives outlined in the Development Program for Development District No. 1.

The activities contemplated in the Modification to the Development Program and the TIF Plan do not preclude the undertaking of other qualified development or redevelopment activities. These activities are anticipated to occur over the life of Development District No. 1 and the District.

DEVELOPMENT PROGRAM OVERVIEW

Pursuant to the Development Program and authorizing state statutes, the City is authorized to undertake the following activities in the District:

1. Property to be Acquired - The City currently owns the parcel within the District. The remaining property located within the District may be acquired by the City and is further described in this TIF Plan.
2. Relocation - Relocation services, to the extent required by law, are available pursuant to *M.S., Chapter 117* and other relevant state and federal laws.
3. Upon approval of a developer's plan relating to the project and completion of the necessary legal requirements, the City may sell to a developer selected properties that it may acquire within the District or may lease land or facilities to a developer.
4. The City may perform or provide for some or all necessary acquisition, construction, relocation, demolition, and required utilities and public street work within the District.

DESCRIPTION OF PROPERTY IN THE DISTRICT AND PROPERTY TO BE ACQUIRED

The District encompasses all property and adjacent roads rights-of-way and abutting roadways identified by the parcels listed below.

Parcel number	Address	Owner
18.31.2.26.120	818 4TH ST NW	KK & G Properties LLC

Please also see the map in Appendix A for further information on the location of the District.

The City may acquire any parcel within the District including interior and adjacent street rights of way. Any properties identified for acquisition will be acquired by the City only in order to accomplish one or more of the following: storm sewer improvements; provide land for needed public streets, utilities and facilities; carry out land acquisition, site improvements, clearance and/or development to accomplish the uses and objectives set forth in this plan.

The City may acquire property by gift, dedication, condemnation or direct purchase from willing sellers in order to achieve the objectives of this TIF Plan. Such acquisitions will be undertaken only when there is assurance of funding to finance the acquisition and related costs.

DISTRICT CLASSIFICATION

The City, in determining the need to create a tax increment financing district in accordance with *M.S., Sections 469.174 to 469.1794*, as amended, inclusive, finds that the District, to be established, is a redevelopment district pursuant to *M.S., Section 469.174, Subd. 10(a)(1)*.

- The District is a redevelopment district consisting of one (1) parcel.
- An inventory shows that parcels consisting of more than 70% of the area in the District are occupied by buildings, streets, utilities, paved or gravel parking lots or other similar structures.
- An inspection of the buildings located within the District finds that more than 50% of the buildings are structurally substandard as defined in the TIF Act. (See Appendix D).

Pursuant to *M.S., Section 469.176, Subd. 7*, the District does not contain any parcel or part of a parcel that qualified under the provisions of *M.S., Sections 273.111, 273.112, or 273.114 or Chapter 473H* for taxes payable in any of the five calendar years before the filing of the request for certification of the District.

DURATION & FIRST YEAR OF DISTRICT'S TAX INCREMENT

Pursuant to *M.S., Section 469.175, Subd. 1, and Section 469.176, Subd. 1*, the duration and first year of tax increment of the District must be indicated within the TIF Plan. Pursuant to *M.S., Section 469.176, Subd. 1b.*, the duration of the District will be 25 years after receipt of the first increment by the City (a total of 26 years of tax increment). The City elects to receive the first tax increment in 2024, which is no later than four years following the year of approval of the District.

Thus, it is estimated that the District, including any modifications of the TIF Plan for subsequent phases or other changes, would terminate after 2050, or when the TIF Plan is satisfied. The City reserves the right to decertify the District prior to the legally required date.

ORIGINAL TAX CAPACITY, TAX RATE & ESTIMATED CAPTURED NET TAX CAPACITY VALUE/INCREMENT & NOTIFICATION OF PRIOR PLANNED IMPROVEMENTS

Pursuant to *M.S., Section 469.174, Subd. 7* and *M.S., Section 469.177, Subd. 1*, the Original Net Tax Capacity (ONTC) as certified for the District will be based on the market values placed on the property by the assessor in 2022 for taxes payable 2023.

Pursuant to *M.S., Section 469.177, Subds. 1 and 2*, the County Auditor shall certify in each year (beginning in the payment year 2024) the amount by which the original value has increased or decreased as a result of:

1. Change in tax exempt status of property;
2. Reduction or enlargement of the geographic boundaries of the District;
3. Change due to adjustments, negotiated or court-ordered abatements;
4. Change in the use of the property and classification;
5. Change in state law governing class rates; or
6. Change in previously issued building permits.

In any year in which the current Net Tax Capacity (NTC) value of the District declines below the ONTC, no value will be captured and no tax increment will be payable to the City.

The original local tax rate for the District will be the local tax rate for taxes payable 2023, assuming the request for certification is made before June 30, 2023. The rates for 2023 were not available at the time the District was established. The ONTC and the Original Local Tax Rate for the District appear in the table below.

Pursuant to *M.S., Section 469.174 Subd. 4* and *M.S., Section 469.177, Subd. 1, 2, and 4*, the estimated Captured Net Tax Capacity (CTC) of the District, within Development District No. 1, upon completion of the projects within the District, will annually approximate tax increment revenues as shown in the table below. The City requests 100 percent of the available increase in tax capacity be used for repayment of the obligations of the City and current expenditures, beginning in the tax year payable 2024. The Project Tax Capacity (PTC) listed is an estimate of values when the projects within the District are completed.

Project Tax Capacity		
Project estimated Tax Capacity upon completion	238,542	
Original estimated Net Tax Capacity	6,050	
Fiscal Disparities	0	
Estimated Captured Tax Capacity	232,492	
Original Local Tax Rate	108.8640%	Pay 2022
Estimated Annual Tax Increment	\$253,100	
Percent Retained by the City	100%	

Note: Tax capacity includes a 3% inflation factor for the duration of the District. The tax capacity included in this chart is the estimated tax capacity of the District in year 26. The tax capacity of the District in year one is estimated to be \$17,602.

Pursuant to *M.S., Section 469.177, Subd. 4*, the City shall, after a due and diligent search, accompany its request for certification to the County Auditor or its notice of the District enlargement pursuant to *M.S., Section 469.175, Subd. 4*, with a listing of all properties within the District or area of enlargement for which building permits have been issued during the eighteen (18) months immediately preceding approval of the TIF Plan by the municipality pursuant to *M.S., Section 469.175, Subd. 3*. The County Auditor shall increase the original net tax capacity of the District by the net tax capacity of improvements for which a building permit was issued.

The City has reviewed the area to be included in the District and found no parcels for which building permits have been issued during the 18 months immediately preceding approval of the TIF Plan by the City.

SOURCES OF REVENUE/BONDS TO BE ISSUED

The total estimated tax increment revenues for the District are shown in the table below:

SOURCES	
Tax Increment	\$ 4,489,321
Interest	448,932
TOTAL	\$ 4,938,253

The costs outlined in the Uses of Funds will be financed primarily through the annual collection of tax increments. The City reserves the right to issue bonds (as defined in the TIF Act) or incur other indebtedness as a result of the TIF Plan. As presently proposed, the projects within the District will be financed by pay-as-you-go notes and interfund loans. Any refunding amounts will be deemed a budgeted cost without a formal modification to this TIF Plan.

This provision does not obligate the City to incur debt. The City will issue bonds or incur other debt only upon the determination that such action is in the best interest of the City.

The City may issue bonds secured in whole or in part with tax increments from the District in a maximum principal amount of \$3,149,643. Such bonds may be in the form of pay-as-you-go notes, revenue bonds or notes, general obligation bonds, or interfund loans. This estimate of total bonded indebtedness is a cumulative statement of authority under this TIF Plan as of the date of approval.

USES OF FUNDS

Currently under consideration for the District is a proposal to facilitate redevelopment of the Farmer Seed & Nursery property for construction of 48,470 square feet of climate controlled storage and 52 units of market rate rental housing. The City has determined that it will be necessary to provide assistance to the project(s) for certain District costs, as described herein.

The City has studied the feasibility of the development or redevelopment of property in and around the District. To facilitate the establishment and development or redevelopment of the District, this TIF Plan authorizes the use of tax increment financing to pay for the cost of certain eligible expenses. The estimate of public costs and uses of funds associated with the District is outlined in the following table.

USES	
Land/Building Acquisition	\$ -
Site Improvements/Preparation	750,000
Utilities	250,000
Other Qualifying Improvements	1,700,711
Administrative Costs (up to 10%)	448,932
PROJECT COSTS TOTAL	\$ 3,149,643
Interest	1,788,610
PROJECT AND INTEREST COSTS TOTAL	\$ 4,938,253

The total project cost, including financing costs (interest) listed in the table above does not exceed the total projected tax increments for the District as shown in the Sources of Revenue section.

Estimated costs associated with the District are subject to change among categories without a modification to the TIF Plan. The cost of all activities to be considered for tax increment financing will not exceed, without formal modification, the budget above pursuant to the applicable statutory requirements. Pursuant to *M.S., Section 469.1763, Subd. 2*, no more than 25% of the tax increment paid by property within the District will be spent on activities related to development or redevelopment outside of the District but within the boundaries of Development District No. 1, (including administrative costs, which are considered to be spent outside of the District) subject to the limitations as described in the TIF Plan.

ESTIMATED IMPACT ON OTHER TAXING JURISDICTIONS

The estimated impact on other taxing jurisdictions assumes that the redevelopment contemplated by the TIF Plan would occur without the creation of the District. However, the City has determined that such development or redevelopment would not occur "but for" tax increment financing and that, therefore, the fiscal impact on other taxing jurisdictions is \$0. The estimated fiscal impact of the District would be as follows if the "but for" test was not met:

Impact on Tax Base			
Entity	2021/Pay 2022 Total Net Tax Capacity	Estimated Captured Tax Capacity (CTC) upon completion	Percent of CTC to Entity Total
Rice County	77,724,192	232,492	0.2991%
City of Faribault	20,431,840	232,492	1.1379%
ISD 656 (Faribault Public Schools)	35,424,548	232,492	0.6563%

Impact on Tax Rates				
Entity	Pay 2022 Extension Rate	Percent of Total	CTC	Potential Taxes
Rice County	39.3350%	36.13%	232,492	\$ 91,451
City of Faribault	54.6820%	50.23%	232,492	127,131
ISD 656 (Faribault Public Schools)	14.5910%	13.40%	232,492	33,923
Other	0.2560%	0.24%	232,492	595
	<u>108.8640%</u>	<u>100.00%</u>		<u>\$253,100</u>

The estimates listed on the previous page display the captured tax capacity when all construction is completed. The tax rate used for calculations is the Pay 2022 rate. The total net capacity for the entities listed above are based on Pay 2022 figures. The District will be certified under the Pay 2023 rates, which were unavailable at the time this TIF Plan was prepared.

Pursuant to *M.S., Section 469.175 Subd. 2(b)*:

- (1) Estimate of total tax increment. It is estimated that the total amount of tax increment that will be generated over the life of the District is \$4,489,321;
- (2) Probable impact of the District on city provided services and ability to issue debt. An impact of the District on police protection is expected. With any addition of new residents or businesses, police calls for service will be increased. New developments add an increase in traffic, and additional overall demands to the call load. The City does not expect that the proposed development, in and of itself, will necessitate new capital investment in vehicles or facilities.

The probable impact of the District on fire protection is not expected to be significant. Typically new buildings generate few calls, if any, and are of superior construction. The existing building located at the site, which will be eliminated by the new development, is a significant concern for the Fire Department and an attractive nuisance. The City does not expect that the proposed development, in and of itself, will necessitate new capital investment in vehicles or facilities.

The impact of the District on public infrastructure is expected to be minimal. The development is not expected to significantly impact any traffic movements in the area. The current infrastructure for sanitary sewer, storm sewer and water will be able to handle the additional volume generated from the proposed development. Based on the development plans, there are no additional costs associated with street maintenance, sweeping, plowing, lighting and sidewalks. The development in the District is expected to contribute an estimated \$78,000 in sanitary sewer (SAC) and water (WAC) connection fees.

The probable impact of the issuance of any general obligation tax increment bonds payable from tax increment revenues from the District on the City's ability to issue debt for general fund purposes is expected to be minimal. It is not anticipated that there will be any general obligation debt issued in relation to this project, therefore there will be no impact on the City's ability to issue future debt or on the City's debt limit.

- (3) Estimated amount of tax increment attributable to school district levies. It is estimated that the amount of tax increments over the life of the District that would be attributable to school district levies, assuming the school district's share of the total local tax rate for all taxing jurisdictions remained the same, is \$601,702;
- (4) Estimated amount of tax increment attributable to county levies. It is estimated that the amount of tax increments over the life of the District that would be attributable to county levies, assuming the county's share of the total local tax rate for all taxing jurisdictions remained the same, is \$1,622,092;
- (5) Additional information requested by the county or school district. The City is not aware of any standard questions in a county or school district written policy regarding tax increment districts and impact on county or school district services. The county or school district must request additional information pursuant to *M.S., Section 469.175 Subd. 2(b)* within 15 days after receipt of the tax increment financing plan.

No requests for additional information from the county or school district regarding the proposed development for the District have been received.

SUPPORTING DOCUMENTATION

Pursuant to *M.S., Section 469.175, Subd. 1 (a), clause 7* this TIF Plan must contain identification and description of studies and analyses used to make the determination set forth in *M.S., Section 469.175, Subd. 3, clause (b)(2)* and the findings are required in the resolution approving the District.

- (i) In making said determination, reliance has been placed upon (1) written representation made by the Developer to such effects, (2) review of the Developer's pro forma; and (3) City staff awareness of the feasibility of developing the project site within the District, which is further outlined in the City Council resolution approving the establishment of the District and Appendix C.

- (ii) A comparative analysis of estimated market value both with and without establishment of the District and the use of tax increments has been performed. Such analysis is included with the cashflow in Appendix B and indicates that the increase in estimated market value of the proposed development (less the indicated subtractions) exceeds the estimated market value of the site absent the establishment of the District and the use of tax increments.

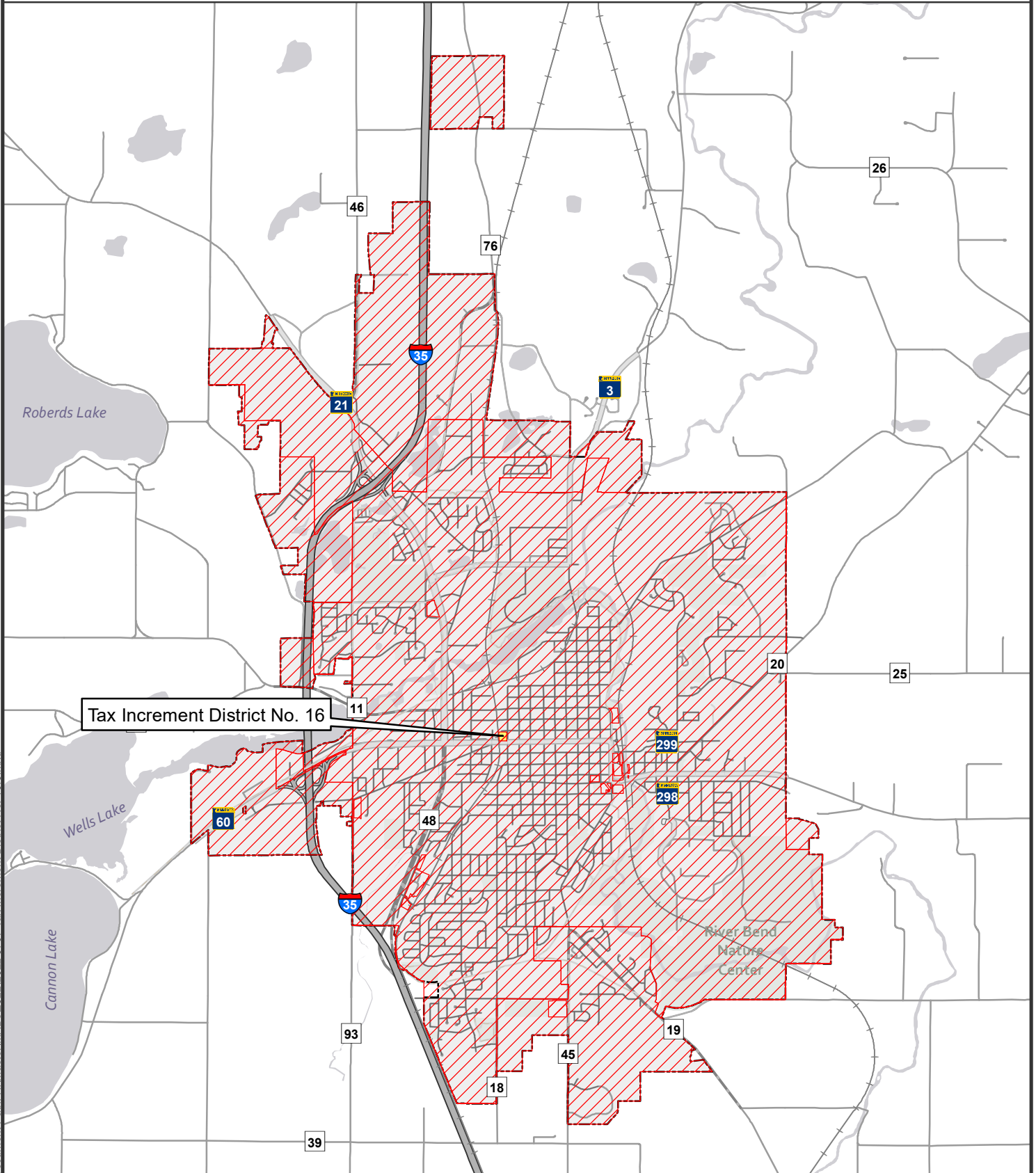
DISTRICT ADMINISTRATION

Administration of the District will be handled by the Community and Economic Development Director.

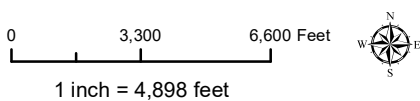
Appendix A: Map of Development District No. 1 and the TIF District

Development District No. 1 Tax Increment District No. 16

This map is neither a legally recorded map nor a survey.
This map is a compilation data affecting the area shown;
and is for reference purposes only. In using the map, you
assume responsibility for the correctness all information
extracted from this map.



Document Path: N:\MasterMXDs\2022\2022 0707 Tax Increment District No. 16.3.mxd



 Development District No. 1
 Tax Increment District No. 16

Appendix B: Estimated Cash Flow for the District

Farmer Seed Building Redevelopment - 3% Inflation

City of Fairibault, MN

52 Apartments; 48,740 sq. ft. Slef-Storage



ASSUMPTIONS AND RATES

DistrictType:	Redevelopment
District Name/Number:	TIF No. 16 - Farmer Seed Building
County District #:	
First Year Construction or Inflation on Value	2022
Existing District - Specify No. Years Remaining	
Inflation Rate - Every Year:	3.00%
Interest Rate:	4.00%
Present Value Date:	1-Aug-23
First Period Ending	1-Feb-24
Tax Year District was Certified:	Pay 2023
Cashflow Assumes First Tax Increment For Development:	2024
Years of Tax Increment	26
Assumes Last Year of Tax Increment	2049
Fiscal Disparities Election (Outside (A), Inside (B), or NA)	NA
Incremental or Total Fiscal Disparities	NA
Fiscal Disparities Contribution Ratio	NA Pay 2022
Fiscal Disparities Metro-Wide Tax Rate	NA Pay 2022
Maximum/Frozen Local Tax Rate:	108.864% Pay 2022
Current Local Tax Rate: (Use lesser of Current or Max.)	108.864% Pay 2022
State-wide Tax Rate (Comm./Ind. only used for total taxes)	36.2890% Pay 2022
Market Value Tax Rate (Used for total taxes)	0.20456% Pay 2022

Tax Rates

Exempt Class Rate (Exempt)	0.00%
Commercial Industrial Preferred Class Rate (C/I Pref.)	
First \$150,000	1.50%
Over \$150,000	2.00%
Commercial Industrial Class Rate (C/I)	2.00%
Rental Housing Class Rate (Rental)	1.25%
Affordable Rental Housing Class Rate (Aff. Rental)	
First \$100,000	0.75%
Over \$100,000	0.25%
Non-Homestead Residential (Non-H Res. 1 Unit)	
First \$500,000	1.00%
Over \$500,000	1.25%
Homestead Residential Class Rate (Hmstd. Res.)	
First \$500,000	1.00%
Over \$500,000	1.25%
Agricultural Non-Homestead	1.00%

BASE VALUE INFORMATION (Original Tax Capacity)

Map ID	PID	Owner	Address	Land Market Value	Building Market Value	Total Market Value	Percentage Of Value Used for District	Original Market Value	Tax Year Original Market Value	Property Tax Class	Current Original Tax Capacity	Class After Conversion	After Conversion Orig. Tax Cap.	Area/ Phase
1	18.31.2.26.120	K & G Properties LL	818 4TH ST NW	170,600	229,400	400,000	40%	160,000	Pay 2023	C/I Pref.	2,450	Rental	2,000	1
2	18.31.2.26.120	K & G Properties LL	818 4TH ST NW	170,600	229,400	400,000	60%	240,000	Pay 2023	C/I Pref.	4,050	C/I Pref.	4,050	
				341,200	458,800	800,000		400,000			6,500		6,050	

Note:

1. Base values are for pay 2023 based upon review of County website on 6-6-2022.
2. Located in SD #656 and TAG: HSP-HRA-EDA

Farmer Seed Building Redevelopment - 3% Inflation

City of Fairibault, MN
52 Apartments; 48,740 sq. ft. Self-Storage



PROJECT INFORMATION (Project Tax Capacity)													
Area/Phase	New Use	Estimated Market Value Per Sq. Ft./Unit	Taxable Market Value Per Sq. Ft./Unit	Total Sq. Ft./Units	Total Taxable Market Value	Property Tax Class	Project Tax Capacity	Project Tax Capacity/Unit	Percentage Completed 2022	Percentage Completed 2023	Percentage Completed 2024	Percentage Completed 2025	First Year Full Taxes Payable
1	New Apt.	107,500	107,500	52	5,590,000	Rental	69,875	1,344	15%	100%	100%	100%	2025
1	Self-Storage	49.47	49.47	48,740	2,411,100	C/I Pref.	47,472	1	15%	100%	100%	100%	2025
TOTAL					8,001,100		117,347						
Subtotal Residential				52	5,590,000		69,875						
Subtotal Commercial/Ind.				48,740	2,411,100		47,472						

Note:

1. Market values are based upon estimates from the County Assessor.

TAX CALCULATIONS									
New Use	Total Tax Capacity	Fiscal Disparities Tax Capacity	Local Tax Capacity	Local Property Taxes	Fiscal Disparities Taxes	State-wide Property Taxes	Market Value Taxes	Total Taxes	Taxes Per Sq. Ft./Unit
New Apt.	69,875	0	69,875	76,069	0	0	11,435	87,504	1,682.76
Self-Storage	47,472	0	47,472	51,680	0	16,683	4,932	73,295	1.50
TOTAL	117,347	0	117,347	127,749	0	16,683	16,367	160,798	

Note:

1. Taxes and tax increment will vary significantly from year to year depending upon values, rates, state law, fiscal disparities and other factors which cannot be predicted.

WHAT IS EXCLUDED FROM TIF?	
Total Property Taxes	160,798
less State-wide Taxes	(16,683)
less Fiscal Disp. Adj.	0
less Market Value Taxes	(16,367)
less Base Value Taxes	(6,586)
Annual Gross TIF	121,162

MARKET VALUE BUT / FOR ANALYSIS	
Current Market Value - Est.	400,000
New Market Value - Est.	8,001,100
Difference	7,601,100
Present Value of Tax Increment	2,511,016
Difference	5,090,084
Value likely to occur without Tax Increment is less than:	5,090,084



Farmer Seed Building Redevelopment - 3% Inflation

City of Fairibault, MN

52 Apartments; 48,740 sq. ft. Slef-Storage

TAX INCREMENT CASH FLOW															
% of OTC	Project Tax Capacity	Original Tax Capacity	Fiscal Disparities NA	Captured Tax Capacity	Local Tax Rate	Annual Gross Tax Increment	Semi-Annual Gross Tax Increment	State Auditor 0.36%	Admin. at 10%	Semi-Annual Net Tax Increment	Semi-Annual Present Value	PERIOD ENDING Yrs.	Tax Year	Payment Date	
100%	17,602	(6,050)	-	11,552	108.864%	12,576	6,288	(23)	(627)	5,639	5,420	0.5	2024	08/01/24	
							6,288	(23)	(627)	5,639	10,733	1	2024	02/01/25	
100%	117,347	(6,050)	-	111,297	108.864%	121,162	60,581	(218)	(6,036)	54,327	60,923	1.5	2025	08/01/25	
							60,581	(218)	(6,036)	54,327	110,128	2	2025	02/01/26	
100%	120,867	(6,050)	-	114,817	108.864%	124,995	62,497	(225)	(6,227)	56,045	159,895	2.5	2026	08/01/26	
							62,497	(225)	(6,227)	56,045	208,686	3	2026	02/01/27	
100%	124,493	(6,050)	-	118,443	108.864%	128,942	64,471	(232)	(6,424)	57,815	258,030	3.5	2027	08/01/27	
							64,471	(232)	(6,424)	57,815	306,407	4	2027	02/01/28	
100%	128,228	(6,050)	-	122,178	108.864%	133,008	66,504	(239)	(6,626)	59,638	355,332	4.5	2028	08/01/28	
							66,504	(239)	(6,626)	59,638	403,296	5	2028	02/01/29	
100%	132,075	(6,050)	-	126,025	108.864%	137,196	68,598	(247)	(6,835)	61,516	451,801	5.5	2029	08/01/29	
							68,598	(247)	(6,835)	61,516	499,355	6	2029	02/01/30	
100%	136,037	(6,050)	-	129,987	108.864%	141,509	70,755	(255)	(7,050)	63,450	547,442	6.5	2030	08/01/30	
							70,755	(255)	(7,050)	63,450	594,586	7	2030	02/01/31	
100%	140,118	(6,050)	-	134,068	108.864%	145,952	72,976	(263)	(7,271)	65,442	642,257	7.5	2031	08/01/31	
							72,976	(263)	(7,271)	65,442	688,994	8	2031	02/01/32	
100%	144,322	(6,050)	-	138,272	108.864%	150,528	75,264	(271)	(7,499)	67,494	736,250	8.5	2032	08/01/32	
							75,264	(271)	(7,499)	67,494	782,580	9	2032	02/01/33	
100%	148,652	(6,050)	-	142,602	108.864%	155,242	77,621	(279)	(7,734)	69,607	829,424	9.5	2033	08/01/33	
							77,621	(279)	(7,734)	69,607	875,349	10	2033	02/01/34	
100%	153,111	(6,050)	-	147,061	108.864%	160,097	80,048	(288)	(7,976)	71,784	921,782	10.5	2034	08/01/34	
							80,048	(288)	(7,976)	71,784	967,304	11	2034	02/01/35	
100%	157,705	(6,050)	-	151,655	108.864%	165,097	82,549	(297)	(8,225)	74,026	1,013,328	11.5	2035	08/01/35	
							82,549	(297)	(8,225)	74,026	1,058,449	12	2035	02/01/36	
100%	162,436	(6,050)	-	156,386	108.864%	170,248	85,124	(306)	(8,482)	76,336	1,104,066	12.5	2036	08/01/36	
							85,124	(306)	(8,482)	76,336	1,148,788	13	2036	02/01/37	
100%	167,309	(6,050)	-	161,259	108.864%	175,553	87,776	(316)	(8,746)	78,714	1,194,000	13.5	2037	08/01/37	
							87,776	(316)	(8,746)	78,714	1,238,325	14	2037	02/01/38	
100%	172,328	(6,050)	-	166,278	108.864%	181,017	90,508	(326)	(9,018)	81,164	1,283,133	14.5	2038	08/01/38	
							90,508	(326)	(9,018)	81,164	1,327,063	15	2038	02/01/39	
100%	177,498	(6,050)	-	171,448	108.864%	186,645	93,323	(336)	(9,299)	83,688	1,371,471	15.5	2039	08/01/39	
							93,323	(336)	(9,299)	83,688	1,415,007	16	2039	02/01/40	
100%	182,823	(6,050)	-	176,773	108.864%	192,442	96,221	(346)	(9,587)	86,287	1,459,016	16.5	2040	08/01/40	
							96,221	(346)	(9,587)	86,287	1,502,162	17	2040	02/01/41	
100%	188,307	(6,050)	-	182,257	108.864%	198,413	99,206	(357)	(9,885)	88,964	1,545,775	17.5	2041	08/01/41	
							99,206	(357)	(9,885)	88,964	1,588,532	18	2041	02/01/42	
100%	193,957	(6,050)	-	187,907	108.864%	204,563	102,281	(368)	(10,191)	91,722	1,631,750	18.5	2042	08/01/42	
							102,281	(368)	(10,191)	91,722	1,674,121	19	2042	02/01/43	
100%	199,775	(6,050)	-	193,725	108.864%	210,897	105,449	(380)	(10,507)	94,562	1,716,947	19.5	2043	08/01/43	
							105,449	(380)	(10,507)	94,562	1,758,934	20	2043	02/01/44	
100%	205,769	(6,050)	-	199,719	108.864%	217,422	108,711	(391)	(10,832)	97,488	1,801,370	20.5	2044	08/01/44	
							108,711	(391)	(10,832)	97,488	1,842,975	21	2044	02/01/45	
100%	211,942	(6,050)	-	205,892	108.864%	224,142	112,071	(403)	(11,167)	100,501	1,885,025	21.5	2045	08/01/45	
							112,071	(403)	(11,167)	100,501	1,926,250	22	2045	02/01/46	
100%	218,300	(6,050)	-	212,250	108.864%	231,064	115,532	(416)	(11,512)	103,604	1,967,915	22.5	2046	08/01/46	
							115,532	(416)	(11,512)	103,604	2,008,763	23	2046	02/01/47	
100%	224,849	(6,050)	-	218,799	108.864%	238,193	119,097	(429)	(11,867)	106,801	2,050,045	23.5	2047	08/01/47	
							119,097	(429)	(11,867)	106,801	2,090,518	24	2047	02/01/48	
100%	231,594	(6,050)	-	225,544	108.864%	245,537	122,768	(442)	(12,233)	110,094	2,131,421	24.5	2048	08/01/48	
							122,768	(442)	(12,233)	110,094	2,171,522	25	2048	02/01/49	
100%	238,542	(6,050)	-	232,492	108.864%	253,100	126,550	(456)	(12,609)	113,485	2,212,048	25.5	2049	08/01/49	
							126,550	(456)	(12,609)	113,485	2,251,779	26	2049	02/01/50	
Total							4,505,541	(16,220)	(448,932)	4,040,389					
Present Value From 08/01/2023							2,511,016	(9,040)	(250,198)	2,251,779					

Appendix C: Findings Including But/For Qualifications

The reasons and facts supporting the findings for the adoption of the Tax Increment Financing Plan (TIF Plan) for Tax Increment Financing District No. 16-Farmer Seed Building (the “District”), as required pursuant to *Minnesota Statutes (M.S.), Section 469.175, Subdivision 3* are as follows:

1. *Finding that Tax Increment Financing District No. 16-Farmer Seed Building is a redevelopment district as defined in M.S., Section 469.174, Subd. 10.*

The District consists of one (1) parcel and vacant right-of-way, with plans to redevelop the area for the redevelopment of the Farmer Seed & Nursery property for construction of 48,470 square feet of climate controlled storage and 52 units of market rate rental housing. Parcels consisting of 70 percent of the area of the District are occupied by buildings, streets, utilities, paved or gravel parking lots or other similar structures and more than 50% of the buildings in the District, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance. (See Appendix D of the TIF Plan.)

2. *Finding that the proposed development, in the opinion of the City Council, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future and that the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of Tax Increment Financing District No. 16-Farmer Seed Building permitted by the TIF Plan.*

The proposed development, in the opinion of the City, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future: This finding is supported by the fact that the redevelopment proposed in the TIF Plan meets the City's objectives for redevelopment. Due to the high cost of redevelopment on the parcels currently occupied by a substandard building, the incompatible land uses at close proximity, and the cost of financing the proposed improvements, this project is feasible only through assistance, in part, from tax increment financing. The Developer was asked for and provided a letter and a pro forma as justification that the Developer would not have gone forward without tax increment assistance.

The increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the District permitted by the TIF Plan: This finding is justified on the grounds that the cost of site and public improvements and utilities add to the total redevelopment cost. Historically, construction costs, site and public improvements costs in this area have made redevelopment infeasible without tax increment assistance. The City reasonably determines that no other redevelopment of similar scope is anticipated on this site without substantially similar assistance being provided to the development.

Therefore, the City concludes as follows:

- a. The City's estimate of the amount by which the market value of the entire District will increase without the use of tax increment financing is \$0.
 - b. If the proposed development occurs, the total increase in market value will be \$7,601,100.
 - c. The present value of tax increments from the District for the maximum duration of the district permitted by the TIF Plan is estimated to be \$2,511,016.
 - d. Even if some development other than the proposed development were to occur, the Council finds that no alternative would occur that would produce a market value increase greater than \$5,090,084 (the amount in clause b less the amount in clause c) without tax increment assistance.
3. *Finding that the TIF Plan for the District conforms to the general plan for the development or redevelopment of the municipality as a whole.*

The City Council reviewed the TIF Plan and found that the TIF Plan conforms to the general development plan of the City.

4. *Finding that the TIF Plan for Tax Increment Financing District No. 16-Farmer Seed Building will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development or redevelopment of Development District No. 1 by private enterprise.*

The project to be assisted by the District will result in increased employment in the City and the State of Minnesota, the renovation of substandard properties, increased tax base of the State and add a high-quality development to the City.

Through the implementation of the TIF Plan, City will increase the availability of safe and decent life-cycle housing in the City.

Appendix D: Redevelopment Qualifications for the District



PERFORMANCE
DRIVEN DESIGN.
LHBcorp.com

January 13, 2022

Deanna Kuennen
Community and Economic Development Director
City of Faribault
208 NW 1st Avenue
Faribault, MN 55021

TIF ANALYSIS FINDINGS FOR THE FAMER SEED AND NURSERY CO. SITE

LHB was hired to inspect the Farmer Seed and Nursery co. building at 818 4th Street NW in Faribault, MN, to determine if it meets the definition of “Substandard” as defined by *Minnesota Statutes, Section 469.174, subdivision 10*. The building parcel may potentially be part of a future Redevelopment TIF District, so will need to be compliant with all the statutes pertaining to a Redevelopment District.

The parcel is located at the intersection of 4th Street NW and 8th Avenue NW in Faribault, MN. (see Diagram 1).

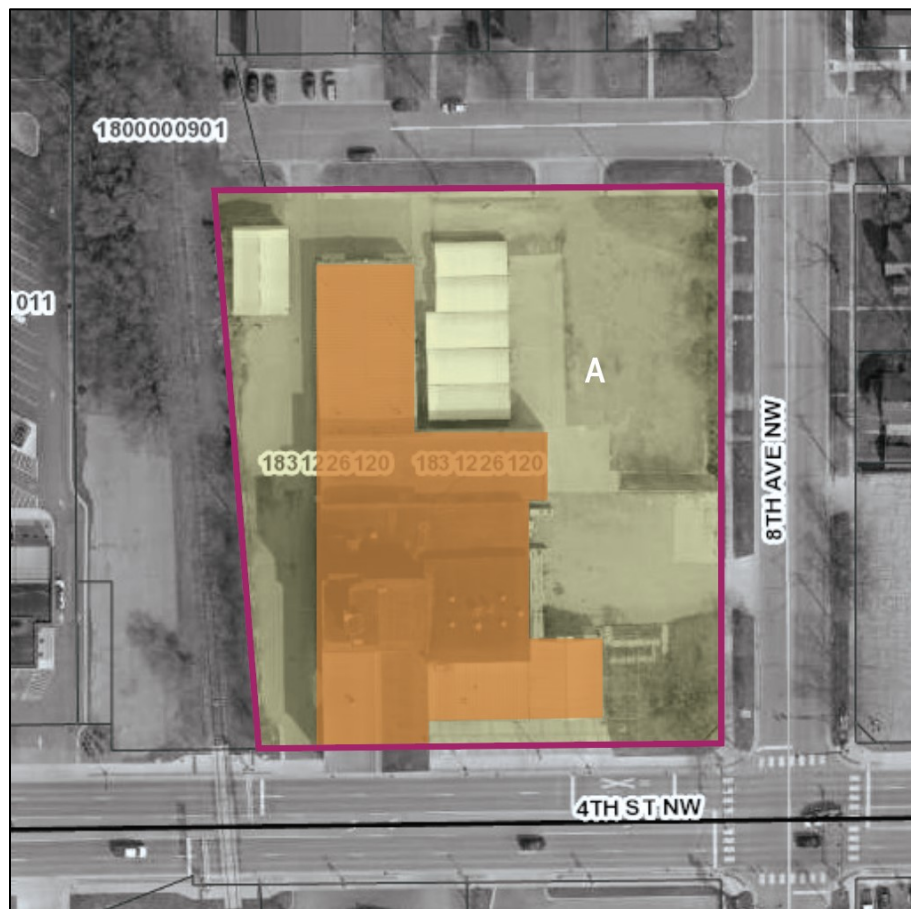


Diagram 1

CONCLUSION

After inspecting and evaluating the building on December 30, 2021 and applying current statutory criteria for a Redevelopment District under *Minnesota Statutes, Section 469.174, Subdivision 10*, it is our professional opinion that the building qualifies as substandard.

The remainder of this letter and attachments describe our process and findings in detail.

MINNESOTA STATUTE 469.174, SUBDIVISION 10 REQUIREMENTS

The property was inspected in accordance with the following requirements under *Minnesota Statutes, Section 469.174, Subdivision 10(c)*, which states:

INTERIOR INSPECTION

"The municipality may not make such determination [that the building is structurally substandard] without an interior inspection of the property..."

EXTERIOR INSPECTION AND OTHER MEANS

"An interior inspection of the property is not required, if the municipality finds that

(1) the municipality or authority is unable to gain access to the property after using its best efforts to obtain permission from the party that owns or controls the property; and

(2) the evidence otherwise supports a reasonable conclusion that the building is structurally substandard."

DOCUMENTATION

"Written documentation of the findings and reasons why an interior inspection was not conducted must be made and retained under section 469.175, subdivision 3, clause (1)."

QUALIFICATION REQUIREMENTS

Minnesota Statutes, Section 469.174, Subdivision 10 (a) (1) requires two tests for occupied parcels:

1. Coverage Test

"...parcels consisting of 70 percent of the area of the district are occupied by buildings, streets, utilities, or paved or gravel parking lots..."

The coverage required by the parcel to be considered occupied is defined under *Minnesota Statutes, Section 469.174, Subdivision 10(e)*, which states:

"For purposes of this subdivision, a parcel is not occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures unless 15 percent of the area of the parcel contains buildings, streets, utilities, paved or gravel parking lots, or other similar structures."

The LHB team reviewed the following parcels:

Parcel Number 18.31.2.26.120 (818 4th Street NW)

- The parcel is approximately 94,208 square feet and is 95 percent covered by buildings, parking lots or other improvements.

Findings

The parcel is covered by buildings, parking lots or other improvements, exceeding the 15 percent parcel requirement.

2. Condition of Buildings Test

Minnesota Statutes, Section 469.174, Subdivision 10(a) states:

"...and more than 50 percent of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance;"

Structurally substandard is defined under *Minnesota Statutes, Section 469.174, Subdivision 10(b)*, which states:

"For purposes of this subdivision, 'structurally substandard' shall mean containing defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors, which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance."

We do not count energy code deficiencies toward the thresholds required by *Minnesota Statutes, Section 469.174, Subdivision 10(b)*) defined as "structurally substandard", due to concerns expressed by the State of Minnesota Court of Appeals in the *Walser Auto Sales, Inc. vs. City of Richfield* case filed November 13, 2001.

Findings

The Farmer Seed building complex at 818 4th Street NW exceeds the criteria required to be determined a substandard building (see the attached Building Code, Condition Deficiency and Context Analysis Report).

Buildings are not eligible to be considered structurally substandard unless they meet certain additional criteria, as set forth in *Subdivision 10(c)* which states:

"A building is not structurally substandard if it is in compliance with the building code applicable to new buildings or could be modified to satisfy the building code at a cost of less than 15 percent of the cost of constructing a new structure of the same square footage and type on the site. The municipality may find that a building is not disqualified as structurally substandard under the preceding sentence on the basis of reasonably available evidence, such as the size, type, and age of the building, the average cost of plumbing, electrical, or structural repairs, or other similar reliable evidence."

"Items of evidence that support such a conclusion [that the building is not disqualified] include recent fire or police inspections, on-site property tax appraisals or housing inspections, exterior evidence of deterioration, or other similar reliable evidence."

LHB counts energy code deficiencies toward the 15 percent code threshold required by *Minnesota Statutes, Section 469.174, Subdivision 10(c)*) for the following reasons:

- The Minnesota energy code is one of ten building code areas highlighted by the Minnesota Department of Labor and Industry website where minimum construction standards are required by law.
- Chapter 13 of the *2015 Minnesota Building Code* states, "Buildings shall be designed and constructed in accordance with the International Energy Conservation Code." Furthermore, *Minnesota Rules, Chapter 1305.0021 Subpart 9* states, "References to the International Energy Conservation Code in this code mean the Minnesota Energy Code..."
- Chapter 11 of the *2015 Minnesota Residential Code* incorporates *Minnesota Rules, Chapters, 1322 and 1323 Minnesota Energy Code*.
- The Senior Building Code Representative for the Construction Codes and Licensing Division of the Minnesota Department of Labor and Industry confirmed that the Minnesota Energy Code is being enforced throughout the State of Minnesota.
- In a January 2002 report to the Minnesota Legislature, the Management Analysis Division of the Minnesota Department of Administration confirmed that the construction cost of new buildings complying with the Minnesota Energy Code is higher than buildings built prior to the enactment of the code.
- Proper TIF analysis requires a comparison between the replacement value of a new building built under current code standards with the repairs that would be necessary to bring the existing building up to current code

standards. For an equal comparison to be made, all applicable code chapters should be applied to both scenarios. Since current construction estimating software automatically applies the construction cost of complying with the Minnesota Energy Code, energy code deficiencies should also be identified in the existing structures.

Findings

The building has code deficiencies exceeding the 15 percent building code deficiency criteria required to be determined substandard (see the attached Building Code, Condition Deficiency and Context Analysis Report).

TEAM CREDENTIALS

MICHAEL A. FISCHER, AIA, LEED AP - PROJECT PRINCIPAL/TIF ANALYST

Michael has 34 years of experience as project principal, project manager, project designer and project architect on planning, urban design, educational, commercial, and governmental projects. He has become an expert on Tax Increment Finance District analysis assisting over 100 cities with strategic planning for TIF Districts. He is an Architectural Principal at LHB and currently leads the Minneapolis office.

Michael completed a two-year Bush Fellowship, studying at MIT and Harvard in 1999, earning master's degrees in City Planning and Real Estate Development from MIT. He has served on more than 50 committees, boards, and community task forces, including City Council President in Superior, Wisconsin, Chair of the Duluth/Superior Metropolitan Planning Organization, and Chair of the Edina, Minnesota Planning Commission. Most recently, he served as a member of the Edina city council and Secretary of the Edina HRA. Michael has also managed and designed several award-winning architectural projects and was one of four architects in the Country to receive the AIA Young Architects Citation in 1997.

PHIL FISHER – INSPECTOR

For 35 years, Phil Fisher worked in the field of Building Operations in Minnesota including White Bear Lake Area Schools. At the University of Minnesota he earned his Bachelor of Science in Industrial Technology. He is a Certified Playground Safety Inspector, Certified Plant Engineer, and is trained in Minnesota Enterprise Real Properties (MERP) Facility Condition Assessment (FCA). His FCA training was recently applied to the Minnesota Department of Natural Resources Facilities Condition Assessment project involving over 2,000 buildings.

ATTACHMENTS

We have attached a Building Code, Condition Deficiency and Context Analysis Report, Replacement Cost Report, Code Deficiency Report, and thumbnail photo sheets of the building.

Please contact me at (612) 752-6920 if you have any questions.

LHB, INC.



MICHAEL A. FISCHER, AIA, LEED AP

c: LHB Project No. 210871

Farmer Seed Redevelopment TIF District

Building Code, Condition Deficiency and Context Analysis Report

Parcel A

Farmer Seed and Nursery Co.

Address:	818 4 th Street NW, Faribault, Minnesota 55021
Parcel ID:	18.31.2.26.120
Inspection Date(s) & Time(s):	December 30, 2021, 11:00 am
Inspection Type:	Interior and Exterior
Summary of Deficiencies:	It is our professional opinion that this building is Substandard because: - Substantial renovation is required to correct Conditions found. - Building Code deficiencies total more than 15% of replacement cost, NOT including energy code deficiencies.
Estimated Replacement Cost:	\$6,563,113
Estimated Cost to Correct Building Code Deficiencies:	\$3,069,073
Percentage of Replacement Cost for Building Code Deficiencies:	46.8%

DEFECTS IN STRUCTURAL ELEMENTS

1. Foundation wall is cracked allowing for water intrusion which is contrary to code.
2. Structural wood members are not properly connected per code.
3. Exterior concrete block is missing/damaged allowing for water intrusion which is contrary to code.
4. Steel lintels should be protected from rusting per code.

COMBINATION OF DEFICIENCIES

1. Essential Utilities and Facilities
 - a. There is no code required accessible parking.
 - b. There is no code compliant accessible route into the building.
 - c. There is no code required accessible route to all levels of the building.
 - d. There is no code required accessible restroom.
 - e. The staff break room is not code compliant for accessibility.
 - f. There is no code required drinking fountain.
2. Light and Ventilation
 - a. The HVAC system does not comply with code.
 - b. The lighting system does not comply with code.
 - c. The electrical system does not comply with code.

3. Fire Protection/Adequate Egress
 - a. Glass doors do not have code required 10-inch kick plates.
 - b. Thresholds do not comply with code.
 - c. Stairs do not comply with code.
 - d. Door hardware does not comply with code.
 - e. The smoke detectors system does not comply with code.
 - f. There is no code required emergency lighting system.
 - g. The emergency notification system does not comply with code.
 - h. The sprinkler system does not comply with code.
 - i. There is no code required fire caulking at through wall and floor penetrations.
 - j. There are no code required fire separation doors.
 - k. Gas meter is not properly protected per code.
 - l. Wood flooring is damaged creating an impediment to emergency egress which is contrary to code.
 - m. Concrete flooring is damaged creating an impediment to emergency egress which is contrary to code.
 - n. Freight elevator does not comply with code.
 - o. Personal man lift does not comply with OSHA code.
4. Layout and Condition of Interior Partitions/Materials
 - a. Interior ceilings should be repaired/repainted.
 - b. Interior walls should be repaired repainted.
5. Exterior Construction
 - a. Exterior wood surfaces should be repaired/repainted.
 - b. Windows are failing allowing for water intrusion which is contrary to code.
 - c. Metal siding is damaged and should be repaired/replaced.
 - d. There is no insulation in the exterior walls.
 - e. Exterior metal doors are rusting and should be repainted.
 - f. Roofing material is failing allowing for water intrusion which is contrary to code.

DESCRIPTION OF CODE DEFICIENCIES

1. Foundation wall is cracked, allowing for water intrusion which is contrary to code.
2. Structural wood members are not properly connected per code.
3. Exterior concrete block and mortar is damaged/missing allowing for water intrusion which is contrary to code.
4. Code required accessible parking should be established.
5. A code required accessible route into the building should be created.
6. A code required accessible route to all levels of the building should be created.
7. A code required accessible restroom should be created.
8. The staff break room should be made accessible to comply with code.
9. A code required drinking fountain should be installed.
10. A code compliant HVAC system should be installed.
11. A code compliant lighting system should be installed.

12. A code compliant electrical wiring system should be installed.
13. Glass doors should have code required 10-inch kick plates installed.
14. Thresholds should be modified to comply with code for maximum height.
15. Stairs should be modified to comply with code.
16. Code compliant door hardware should be installed.
17. Install code compliant smoke detectors.
18. Install code required emergency lighting system.
19. Install a code compliant emergency notification system.
20. Install a code compliant building sprinkler system.
21. Install code required fire caulking at wall and floor penetrations.
22. Install code required fire separation doors.
23. Protect gas meter per code.
24. Repair damaged wood flooring to create a code required unimpeded means for emergency egress.
25. Repair damaged concrete floor to create a code required unimpeded means for emergency egress.
26. Install code compliant freight elevator.
27. Remove non-compliant man lift elevator to comply with OSHA code.
28. Replace failed windows to prevent water intrusion per code.
29. Protect steel lintels from rusting per code.
30. Replace failed roofing material to prevent water intrusion per code.

OVERVIEW OF DEFICIENCIES

This multi-story structure has been vacant for many years. The foundation is cracked allowing for water intrusion which is contrary to code. The wooden super structure appears to be sound, but the wooden joists and rafters are failing in many locations from water damage and should be replaced per code. The building does not comply with ADA code for accessibility. Door hardware is not code compliant. The gas meter is not protected per code. The building does have a smoke detectors system and a sprinkler system but neither comply with code according to the owner's review with local code officials. There is no code required emergency lighting system. The emergency notification system is not code compliant. Stairs do not comply with code. Interior walls and ceilings are damaged and should be repaired/replaced. Wood and concrete floors are damaged creating an impediment to emergency egress which is contrary to code. The lighting system and electrical systems do not comply with code. The HVAC system does not comply with code. There are no code required fire separation doors. The windows have failed allowing for water intrusion which is contrary to code. There is no code required fire caulking in wall and floor penetrations. The roofing system has failed allowing for water intrusion which is contrary to code.

ENERGY CODE DEFICIENCIES

In addition to the building code deficiencies listed above, the existing building does not comply with the current energy code. These deficiencies are not included in the estimated costs to correct code deficiencies and are not considered in determining whether the building is substandard:

M:\21Proj\210871\300 Design\Reports\Building Reports\818 4th Street NW Building Report Redevelopment District.docx

Estimate Name:	818 4th St NW	
Building Type:	Multi Story with Metal Clapboard / Wood Frame	
Location:	FARIBAULT, MN	
Story Count:	4	
Story Height (L.F.):	10.00	
Floor Area (S.F.):	28204	
Labor Type:	STD	
Basement Included:	Yes	
Data Release:	Year 2021 Quarter 4	Costs are derived from a building model with basic components. Scope differences and market conditions can cause costs to vary significantly.
Cost Per Square Foot:	\$232.70	
Building Cost:	\$6,563,113.86	

		Quantity	% of Total	Cost Per S.F.	Cost
A	Substructure		13.32%	\$26.95	\$760,097.74
A1010	Standard Foundations			\$12.09	\$340,985.16
A10101102700	Strip footing, concrete, reinforced, load 11.1 KLF, soil bearing capacity 6 KSF, 12" deep x 24" wide	830		\$1.92	\$54,108.12
A10102107700	Spread footings, 3000 PSI concrete, load 200K, soil bearing capacity 6 KSF, 6' - 0" square x 20" deep	211.91		\$10.17	\$286,877.04
A1030	Slab on Grade			\$2.19	\$61,703.80
A10301202240	Slab on grade, 4" thick, non industrial, reinforced	7051		\$2.19	\$61,703.80
A2010	Basement Excavation			\$1.20	\$33,798.83
A20101104620	Excavate and fill, 10,000 SF, 8' deep, sand, gravel, or common earth, on site storage	7051		\$1.20	\$33,798.83
A2020	Basement Walls			\$11.47	\$323,609.95
A20201107260	Foundation wall, CIP, 12' wall height, pumped, .444 CY/LF, 21.59 PLF, 12" thick	830		\$11.47	\$323,609.95
B	Shell		40.12%	\$81.18	\$2,289,615.61
B1010	Floor Construction			\$52.04	\$1,467,848.39
B10102030860	Cast-in-place concrete column, 12" square, tied, 200K load, 12' story height, 142 lbs/LF, 4000PSI	2542.94		\$10.91	\$307,682.49
B10102103450	Wood column, 8" x 8", 20' x 20' bay, 10' unsupported height, 133 BF/MSF, 160 PSF total allowable load	7051		\$0.20	\$5,718.71
B10102221720	Flat slab, concrete, with drop panels, 6" slab/2.5" panel, 12" column, 15'x15' bay, 75 PSF superimposed load, 153 PSF total load	7051		\$5.85	\$165,071.67
B10102643100	Wood beam and joist floor, 14"x22" girder, 12"x16" beam, 2x10 joists @ 12", 20'x20' bay, 125 PSF LL, 163 PSF total load	21153		\$35.08	\$989,375.52
B1020	Roof Construction			\$2.07	\$58,489.78
B10201023750	Wood roof, flat rafter, 2" x 10", 16" O.C.	7897.12		\$2.07	\$58,489.78
B2010	Exterior Walls			\$14.28	\$402,762.48
B20101484800	Wood siding, 2"x6" studs 16"OC, insulated wall, 8" wide aluminum siding	26560		\$14.28	\$402,762.48
B2020	Exterior Windows			\$7.73	\$218,157.20
B20201023150	Windows, wood, double hung, insulated glass, 3'-0" x 5'-6"	265.6		\$7.73	\$218,157.20
B2030	Exterior Doors			\$2.52	\$71,070.06
B20301108300	Door, aluminum & glass, sliding patio, tempered glass, economy, 12'-0" x 7'-0" opening	5.64		\$1.16	\$32,724.96
B20302102450	Door, birch, solid core, single door, hinged, 2'-8" x 7'-0" opening	14.1		\$1.36	\$38,345.10
B3010	Roof Coverings			\$2.53	\$71,287.70
B30101053800	Roofing, asphalt flood coat, smooth, coated glass fiber base sheet, 4 plies glass fiber (Type IV), mopped, on nailable deck	7897.12		\$1.24	\$35,063.21
B30103200450	Insulation, rigid, roof deck, fiberglass, 3'x4' or 4'x8' sheets, 15/16" thick, R3.70	7897.12		\$0.55	\$15,549.03
B30104300040	Flashing, aluminum, no backing sides, .019"	830		\$0.21	\$5,900.45
B30106100050	Gutters, box, aluminum, .027" thick, 5", enameled finish	830		\$0.34	\$9,590.80
B30106200100	Downspout, aluminum, rectangular, 2" x 3", embossed mill finish, .020" thick	830		\$0.18	\$5,184.21
C	Interiors		6.61%	\$13.38	\$377,463.26
C1010	Partitions			\$2.15	\$60,619.02

C10101241200	Wood partition, 5/8" fire rated gypsum board face, none base, 2 x 4, @ 16" OC framing, same opposite face, 0 insul	9025.28		\$2.15	\$60,619.02
C1020	Interior Doors			\$4.67	\$131,790.52
C10201022500	Door, single leaf, wood frame, 3'-0" x 7'-0" x 1-3/8", birch, solid core	141.02		\$4.67	\$131,790.52
C2010	Stair Construction			\$0.90	\$25,293.80
C20101101150	Stairs, wood, prefab basement type, oak treads, wood rails 3'-0" W, 14 risers	20		\$0.90	\$25,293.80
C3010	Wall Finishes			\$0.74	\$20,763.56
C30102300140	Painting, interior on plaster and drywall, walls & ceilings, roller work, primer & 2 coats	18050.56		\$0.74	\$20,763.56
C3020	Floor Finishes			\$4.30	\$121,143.23
C30204101740	Tile, porcelain type, minimum	5640.8		\$2.83	\$79,948.75
C30204102140	Maple strip, sanded and finished, maximum	2820.4		\$1.46	\$41,194.48
C3030	Ceiling Finishes			\$0.63	\$17,853.13
C30301104800	Gypsum board ceilings, 1/2" fire rated gypsum board, painted and textured finish, 1" x 3" wood, 16" OC furring, wood support	2820.4		\$0.63	\$17,853.13
D	Services		39.95%	\$80.84	\$2,279,878.92
D1010	Elevators and Lifts			\$10.55	\$297,611.99
D10101108600	Hydraulic passenger elevator, 2500 lb., 2 floor, 125 FPM	2.82		\$10.55	\$297,611.99
D2010	Plumbing Fixtures			\$9.72	\$274,076.84
D20101102080	Water closet, vitreous china, bowl only with flush valve, wall hung	28.77		\$3.91	\$110,390.32
D20102102000	Urinal, vitreous china, wall hung	14.38		\$0.87	\$24,655.90
D20103102080	Lavatory w/trim, wall hung, PE on CI, 19" x 17"	28.77		\$2.36	\$66,679.38
D20104404340	Service sink w/trim, PE on CI, wall hung w/rim guard, 24" x 20"	9.59		\$1.73	\$48,866.66
D20108201840	Water cooler, electric, wall hung, 8.2 GPH	9.59		\$0.83	\$23,484.58
D2020	Domestic Water Distribution			\$4.14	\$116,645.93
D20202502180	Gas fired water heater, commercial, 100< F rise, 390 MBH input, 374 GPH	4.79		\$4.14	\$116,645.93
D3010	Energy Supply			\$9.83	\$277,176.95
D30105101800	Apartment building heating system, fin tube radiation, forced hot water, 10,000 SF area, 100,000 CF vol	31024.4		\$9.83	\$277,176.95
D3050	Terminal & Package Units			\$9.22	\$260,092.44
D30501703400	Split system, air cooled condensing unit, medical centers, 10,000 SF, 23.33 ton	31024.4		\$9.22	\$260,092.44
D4010	Sprinklers			\$4.61	\$130,006.48
D40104100600	Wet pipe sprinkler systems, steel, light hazard, 1 floor, 5000 SF	14102		\$2.78	\$78,346.06
D40104100720	Wet pipe sprinkler systems, steel, light hazard, each additional floor, 5000 SF	14102		\$1.83	\$51,660.42
D4020	Standpipes			\$1.45	\$41,029.49
D40203101540	Wet standpipe risers, class III, steel, black, sch 40, 4" diam pipe, 1 floor	2.82		\$1.18	\$33,401.72
D40203101560	Wet standpipe risers, class III, steel, black, sch 40, 4" diam pipe, additional floors	2.82		\$0.27	\$7,627.77
D5010	Electrical Service/Distribution			\$1.81	\$51,046.13
D50101200360	Overhead service installation, includes breakers, metering, 20' conduit & wire, 3 phase, 4 wire, 120/208 V, 600 A	1		\$0.42	\$11,960.00
D50102300360	Feeder installation 600 V, including RGS conduit and XHHW wire, 600 A	100		\$0.69	\$19,383.35
D50102400240	Switchgear installation, incl switchboard, panels & circuit breaker, 120/208 V, 3 phase, 600 A	1		\$0.70	\$19,702.78
D5020	Lighting and Branch Wiring			\$13.28	\$374,477.79
D50201100680	Receptacles incl plate, box, conduit, wire, 20 per 1000 SF, 2.4 watts per SF	28204		\$5.38	\$151,774.75
D50201300320	Wall switches, 2.5 per 1000 SF	40895.8		\$1.14	\$32,124.06
D50201350200	Miscellaneous power, to .5 watts	28204		\$0.21	\$6,027.20
D50201400280	Central air conditioning power, 4 watts	28204		\$0.88	\$24,680.47
D50201450720	Motor installation, three phase, 200 V, 15 HP motor size	1		\$0.15	\$4,098.95
D50201550600	Motor feeder systems, three phase, feed to 200 V 15 HP, 230 V 15 HP, 460 V 40 HP, 575 V 50 HP	100		\$0.07	\$1,952.82

D50202100500	Fluorescent fixtures recess mounted in ceiling, 0.8 watt per SF, 20 FC, 5 fixtures @32 watt per 1000 SF	42306		\$5.45	\$153,819.54
D5030	Communications and Security			\$16.23	\$457,714.88
D50303101020	Telephone wiring for offices & laboratories, 8 jacks/MSF	21153		\$2.18	\$61,469.56
D50309100452	Communication and alarm systems, fire detection, addressable, 25 detectors, includes outlets, boxes, conduit and wire	4.94		\$4.65	\$131,081.33
D50309100462	Fire alarm command center, addressable with voice, excl. wire & conduit	1		\$0.54	\$15,208.53
D50309100560	Communication and alarm systems, includes outlets, boxes, conduit and wire, intercom systems, 25 stations	3.38		\$5.59	\$157,689.69
D50309100960	Communication and alarm systems, includes outlets, boxes, conduit and wire, master TV antenna systems, 12 outlets	1.3		\$0.95	\$26,827.91
D50309200110	Internet wiring, 8 data/voice outlets per 1000 S.F.	21.15		\$2.32	\$65,437.86
E	Equipment & Furnishings		0.00%	\$0.00	\$0.00
E1090	Other Equipment			\$0.00	\$0.00
F	Special Construction		0.00%	\$0.00	\$0.00
G	Building Sitework		0.00%	\$0.00	\$0.00
SubTotal			100%	\$202.35	\$5,707,055.53
Contractor Fees (General Conditions,Overhead,Profit)			15.0 %	\$30.35	\$856,058.33
Architectural Fees			0.0 %	\$0.00	\$0.00
User Fees			0.0 %	\$0.00	\$0.00
Total Building Cost				\$232.70	\$6,563,113.86

FARMER SEED REDEVELOPMENT TIF DISTRICT

Code Deficiency Cost Report

Parcel A - 818 4th Street NW, Faribault, Minnesota 55021
Parcel ID 18.31.2.26.120

Building Name or Type
Farmer Seed and Nursery

Code	Related Cost Items	Unit Cost	Units	Unit Quantity	Total
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Accessibility Items

Parking

Create code required accessible parking	\$	100.00	EA	1	\$	100.00
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Accessible Route

Create a code required accessible route into the building	\$	2,500.00	Lump	1	\$	2,500.00
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Create a code required accessible route to all levels	\$	10.55	SF	28,204	\$	297,552.20
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Restroom

Create a code required accessible restroom	\$	7.14	SF	28,204	\$	201,376.56
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Staff Break Room

Modify staff break room to comply with accessibility code	\$	1,000.00	Lump	1	\$	1,000.00
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Drinking Fountain

Install code required drinking fountain	\$	0.83	SF	28,204	\$	23,409.32
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Structural Elements

Foundation

Repair cracked foundation wall to prevent water intrusion per code	\$	15,000.00	Lump	1	\$	15,000.00
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Exterior Walls

Replace/repair damaged/missing concrete block to prevent water intrusion per code	\$	7,500.00	Lump	1	\$	7,500.00
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Structural Wood Members

Properly attach wood members per code	\$	2.00	SF	28,204	\$	56,408.00
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Steel Lintels

Protect steel lintels from rusting per code	\$	500.00	Lump	1	\$	500.00
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Exiting

Glass Doors

Install code required 10-inch kick plates on glass doors	\$	100.00	EA	4	\$	400.00
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Thresholds

Modify thresholds to comply with code for maximum height	\$	5,000.00	Lump	1	\$	5,000.00
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Stairs

Install code compliant stairs	\$	0.90	SF	28,204	\$	25,383.60
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Door Hardware

Install code compliant door hardware	\$	250.00	EA	20	\$	5,000.00
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Code	Related Cost Items	Unit Cost	Units	Unit Quantity	Total
	Flooring				
	Repair damaged wood flooring to comply with code for an unimpeded means for emergency egress	\$ 35.08	SF	14,102	\$ 494,698.16
	Repair damaged concrete flooring to comply with code for an unimpeded means for emergency egress	\$ 5.00	SF	5,000	\$ 25,000.00
	Fire Protection				
	Smoke Detectors				
	Install code compliant smoke detectors	\$ 4.65	SF	28,204	\$ 131,148.60
	Emergency Lighting System				
	Install code required emergency lighting system	\$ 2.00	SF	28,204	\$ 56,408.00
	Emergency Notification System				
	Install code compliant emergency notification system	\$ 5.59	SF	28,204	\$ 157,660.36
	Building Sprinkler System				
	Install code compliant building sprinkler system	\$ 6.06	SF	28,204	\$ 170,916.24
	Fire Caulking				
	Install code required fire caulking at through wall and floor penetrations	\$ 0.25	SF	28,204	\$ 7,051.00
	Fire Separation Doors				
	Install code required fire separation doors	\$ 25,000.00	Lump	1	\$ 25,000.00
	Natural Gas Meter				
	Protect natural gas meter per code	\$ 500.00	Lump	1	\$ 500.00
	Exterior Construction				
	Windows				
	Replace failed windows to prevent water intrusion per code	\$ 7.73	SF	28,204	\$ 218,016.92
	Roof Construction				
	Roofing Material				
	Remove failed roofing material	\$ 1.00	SF	28,204	\$ 28,204.00
	Install roofing material to prevent water intrusion per code	\$ 1.24	SF	28,204	\$ 34,972.96
	Mechanical- Electrical				
	Mechanical				
	Install code compliant HVAC system	\$ 19.05	SF	28,204	\$ 537,286.20
	Install code compliant freight elevator	\$ 5.55	SF	28,204	\$ 156,532.20
	Remove non-compliant man lift elevator per OSHA code	\$ 10,000.00	Lump	1	\$ 10,000.00
	Electrical				
	Install code compliant electrical wiring system	\$ 7.83	SF	28,204	\$ 220,837.32
	Install code compliant electrical lighting system	\$ 5.45	SF	28,204	\$ 153,711.80
Total Code Improvements					\$ 3,069,073

Farmer Seed TIF District - 818 4th Street NW - Parcel A



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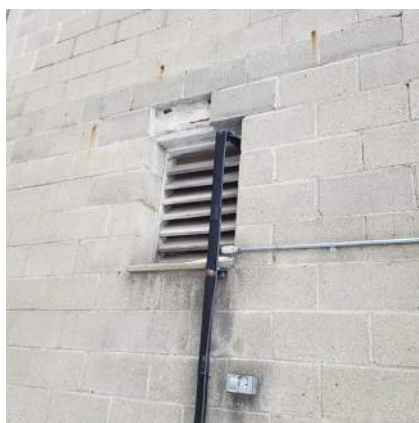
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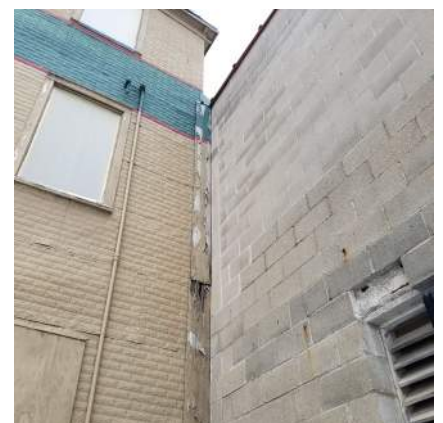
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Farmer Seed TIF District - 818 4th Street NW - Parcel A



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Farmer Seed TIF District - 818 4th Street NW - Parcel A



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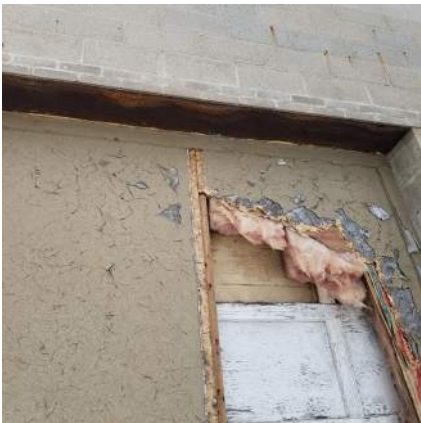
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Farmer Seed TIF District - 818 4th Street NW - Parcel A



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Farmer Seed TIF District - 818 4th Street NW - Parcel A



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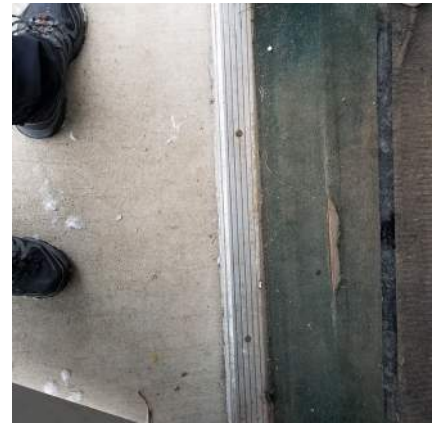
Farmer Seed TIF District - 818 4th Street NW - Parcel A



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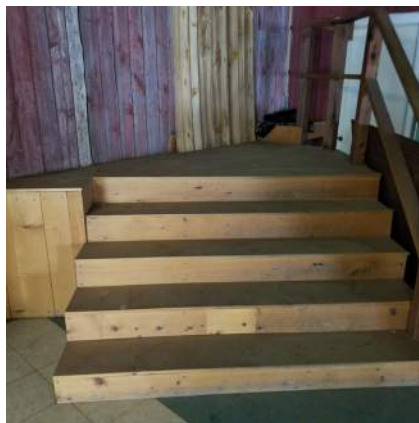
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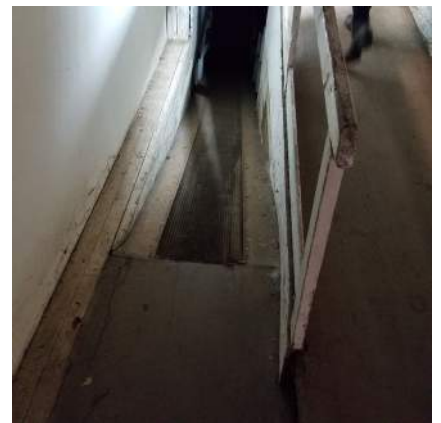
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Farmer Seed TIF District - 818 4th Street NW - Parcel A



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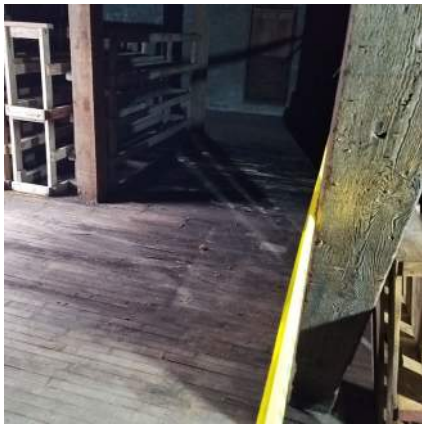
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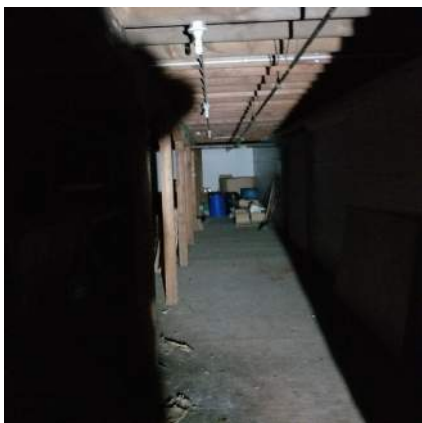
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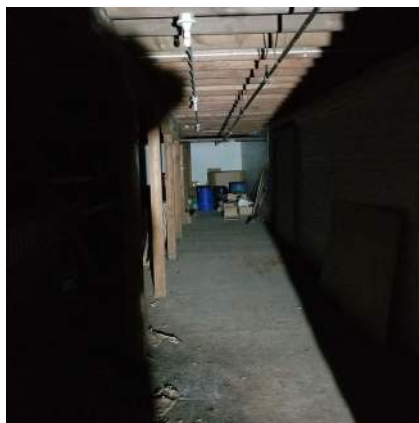
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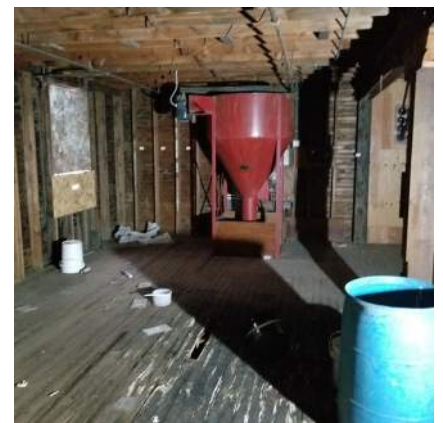
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Farmer Seed TIF District - 818 4th Street NW - Parcel A



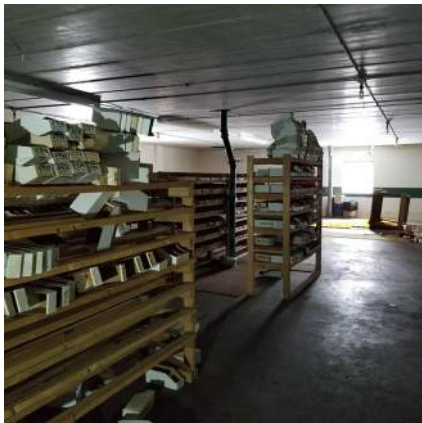
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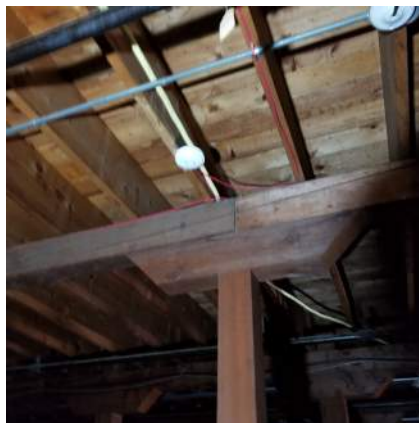
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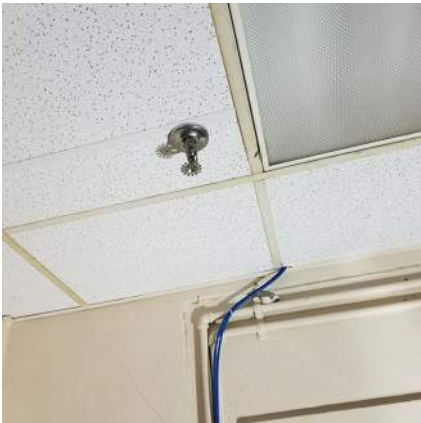
Farmer Seed TIF District - 818 4th Street NW - Parcel A



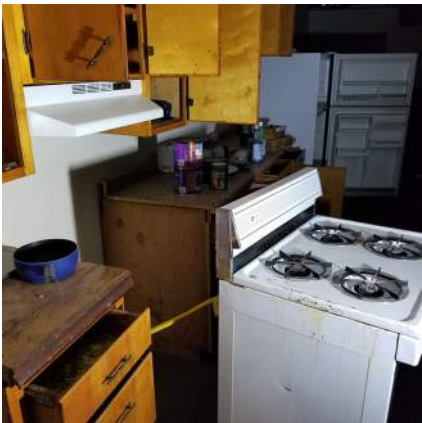
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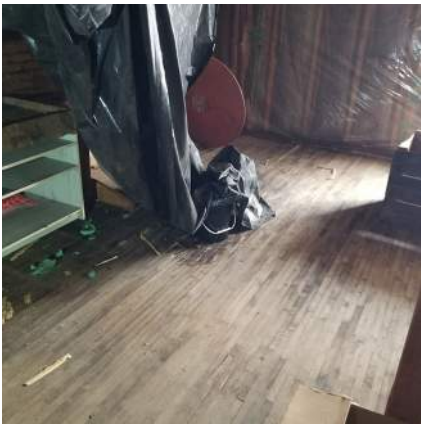
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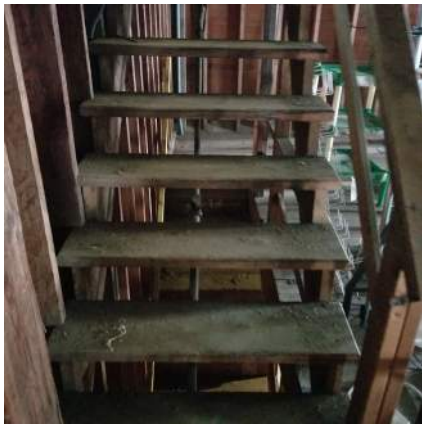
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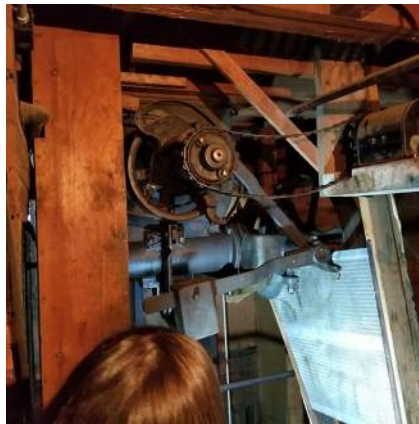
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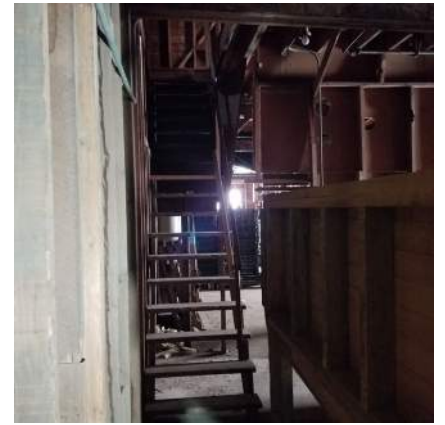
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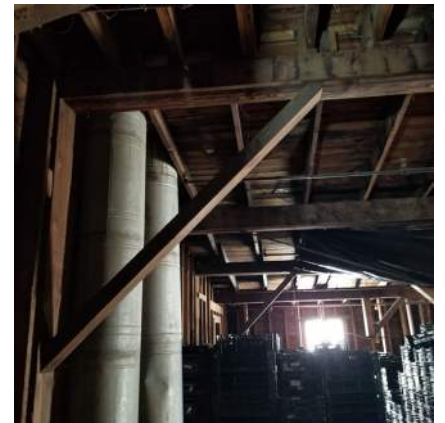
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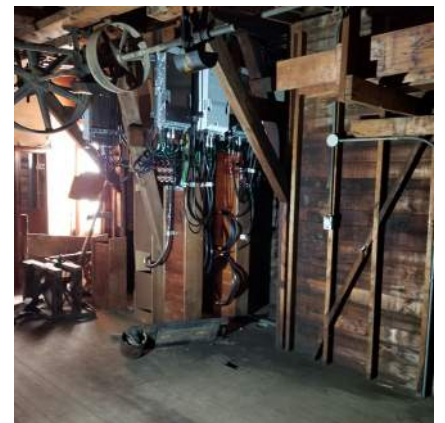
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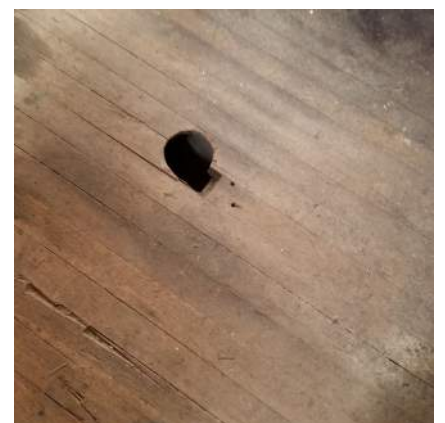
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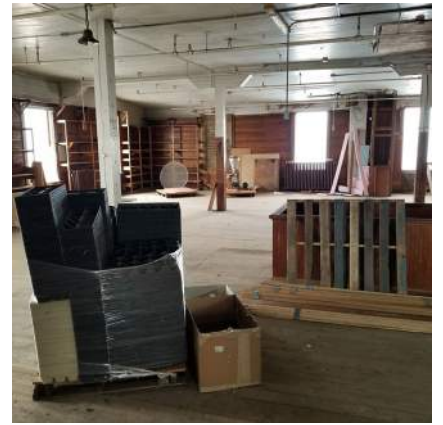
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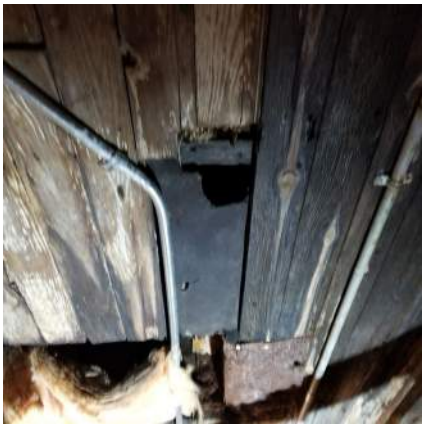
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Request for Action

TO: Faribault Economic Development Authority
FROM: Deanna Kuennen, Community & Economic Development Director
MEETING DATE: August 18, 2022
SUBJECT: Consider Modifications to the Development Program for Development District 1 and the Proposed establishment of Tax Increment Financing District No. 18 (Resolution 2022-09)

BACKGROUND:

Tax Increment Financing (TIF) Background/Process:

The process to approve and establish a tax increment financing district in the City of Faribault involves actions by both the EDA and the City Council. Section 3 of the EDA's Enabling Resolution establishes that the EDA is responsible for the review and processing of tax increment finance districts (TIF), and is the party that enters into private development agreements associated with TIF. From a process standpoint, this means:

1. The EDA must review the TIF plan to ensure that the plans follow the requirements of state statutes related to TIF laws, that the TIF plan (development activity) is consistent with the city's development plans, and that the public assistance being provided is only what is necessary to make the private development financially feasible.
2. Based on this review - the EDA can then approve via resolution, the Tax Increment Finance Plan associated with a project and make a recommendation to the City Council to establish the TIF District.
3. Prior to a district being established, the City Council is required to hold a public hearing and at the conclusion of the public hearing takes action to approve the establishment of the district.
4. After the district is established, the EDA enters into a contract for private development with the developer, outlining the requirements of the TIF, and then is responsible for ensuring that the development plans are implemented/built before the TIF Note is issued.

Per the Enabling Resolution:

SECTION 3. TRANSFER OF TAX INCREMENT AUTHORITY

Section 3.1. The City shall transfer the control, authority and operation of its tax increment development plans pursuant to Chapter 462, implemented by Resolutions 85-151, 85-140, 85-22, 85-21, 85-20, 81-168, 81-5, and pursuant to Chapter 472A, implemented by Resolutions 85-141 and 83-58, located within the City, from the governmental agency or subdivision that established the project to the EDA. The City Council requires acceptance of control, authority, and operation of the tax increment development plans by the EDA. The EDA may exercise all of the powers that the governmental unit establishing the project could exercise with respect to the project.

When a project or program is transferred to the EDA, it shall covenant and pledge to perform the terms, conditions, and covenants of the bond indenture or other agreements executed for the security of any bonds issued by the governmental subdivision that initiated the project or program. The EDA may exercise all of the powers necessary to perform the terms, conditions, and covenants of any indenture or other agreements executed for the security of the bonds when the project or program is transferred.

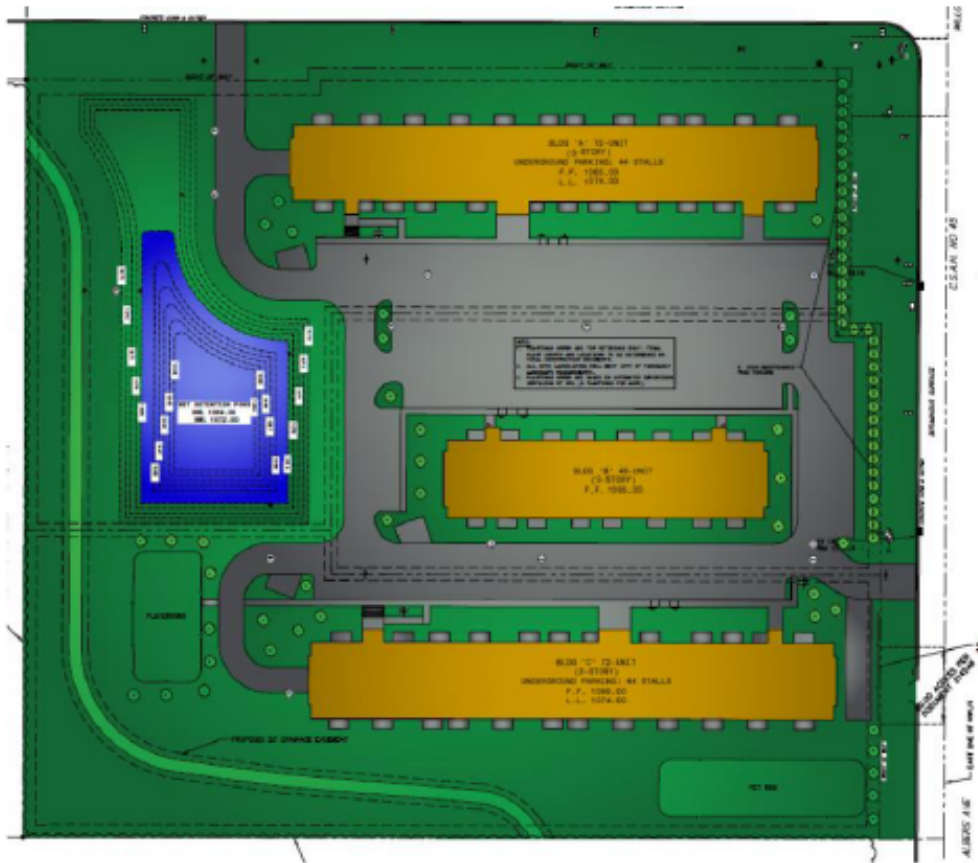
Generally, before the official actions associated with adopting the tax increment financing plan, and even before a TIF application is submitted - the development plan/concept has been discussed publically with the City Council to determine whether or not the Council supports the activity. The City Council is also asked to weigh in on their willingness to support the pursuit of tax increment financing (or tax abatement). This is done to provide a level of comfort to the developer (no official approvals - but an understanding that there is a level of support associated with the ask). This step has proven to be vital as it prevents a waste of time and money if there is no Council support for a proposed project, understanding that a lot of details are required prior to submitting a TIF application and prior to developing the Tax Increment Financing Plan.

Willow Street Apartments - Project Information and Plan:

The City owns an approximate 9-acre parcel of land located at the corner of 17th and Willow. The City Council had previously discussed their openness to consider proposals for housing development on this site. The parcel has been included on the map of available sites for multi-family housing development, and shared with multiple developers. Earlier this year, a development team expressed interest in this property for a multi-phase, multi-family housing development. The City Council entered into a Preliminary Development Agreement with the Developer. The Preliminary Development Agreement provided exclusive rights to the Developer to conduct due diligence necessary to pursue a multi-family housing development on this site, and the City would act in good faith to review finance incentives to support the development.

The Developer intends to construct 192 units of market-rate rental housing to address the workforce housing needs in the community, to be built over multiple phases. The Developer is currently working through

the planning and zoning process, with actions scheduled for City Council consideration on August 23, 2022. The proposed project details are as follows: :



- A total of 192 market rate apartments in three (3) buildings with underground parking and amenities such as a pet area and playground.

- Phase 1 would be located on Lot 1, Block 1 FARIBAULT APARTMENTS PLAT
- Total project cost of \$31.5m spread out over the three phases

TIF PLAN No. 18 - Faribault Apartments:

The project is seeking public assistance in the form of an Economic Development-Workforce Housing tax increment finance district. The state legislature updated TIF legislation to allow the construction of workforce housing as an eligible economic development district activity. A public hearing is scheduled for August 23, 2022 with the City Council, and prior to that public hearing the EDA is required to consider the modifications to Development District No. 1 and determine whether the TIF plan for TIF No. 18 conforms to the requirements of the TIF statutes for workforce housing and is consistent with the needs of the community.

Ehlers has conducted a financial analysis, evaluating the project details and the Developer's TIF request. This analysis was based on representations made by the Developer, a review of the Developer's proforma, and City Staff awareness of the feasibility of the project within the District. Ehlers also did a comparative analysis of the estimated market value both with and without the establishment of the District and the use of tax increments. The conclusions are:

- The proposed project satisfies the requirements of a workforce housing project under the economic development district statutes.
 - The 2018 Vacancy Analysis determined vacancy rates to be less than 1-percent for the City of Faribault and only 1.3-percent for the cities of Faribault, Owatonna, and Northfield combined. This information is currently being updated and 2021/2022 vacancy information will be available before the scheduled public hearing.
 - Letters of support have been obtained from local businesses for the creation of additional workforce housing in the community.
 - The School Board and the Rice County Commissioners are being asked to approve the TIF plan via resolution. The resolutions are on the July 25th School Board and July 26th County Board meeting agendas for consideration.
- The economic development district is an 8-year district after the receipt of the first increment by the City. The first increment is expected in 2024 - and therefore, the TIF district would terminate in 2032.
- The development will not proceed "but-for" the use of public assistance.

The attached TIF Plan includes the financial analysis and TIF projections for the district. The TIF Plan provides maximum flexibility in the district, and per the analysis, the City may issue bonds in a maximum principal amount of \$2,461,379. This does not represent the amount of TIF necessary for the project.

REQUESTED ACTION:

Based on the information provided in the Modification to the Development Program & Tax Increment Financing (TIF) Plan for the Establishment of Tax Increment Financing District No. 18 - Willow Street Apartments (an economic development-workforce housing district) - the EDA is asked to consider Resolution 2022-09 *Recommending the City Council Modify Development District No. 1 to Establish Tax Increment Financing District No. 18: Willow Street Apartments Therein and Adopt a Modification to the Development Program and Adopt the Tax Increment Financing Plan Therefor.*

ATTACHMENTS:

1. Res 2022-09 Establishing TIF District 18 and recommending City Council modify same
2. TIF Plan - Faribault TIF 18

RESOLUTION NO. 2022-09

**FARIBAULT ECONOMIC DEVELOPMENT AUTHORITY
CITY OF FARIBAULT
RICE COUNTY
STATE OF MINNESOTA**

**RESOLUTION RECOMMENDING THE CITY COUNCIL MODIFY
DEVELOPMENT DISTRICT NO. 1, ESTABLISH TAX INCREMENT
FINANCING DISTRICT NO. 18: WILLOW STREET APARTMENTS
THEREIN AND ADOPT A MODIFICATION TO THE DEVELOPMENT
PROGRAM AND ADOPT THE TAX INCREMENT FINANCING PLAN
THEREFOR.**

WHEREAS, There is a proposal to modify Development District No. 1, establish Tax Increment Financing District No. 18: Willow Street Apartments (an economic development-workforce housing district), adopt a Modification to the Development Program (the "Development Program Modification"), and adopt the Tax Increment Financing Plan (the "TIF Plan") therefor (the Development Program Modification and the TIF Plan are referred to collectively herein as the "Program Modification and TIF Plan"), all pursuant to and in conformity with applicable law, including Minnesota Statutes, Sections 469.124 to 469.134, and Sections 469.174 to 469.1799, inclusive, as amended (the "Act"); and

WHEREAS, the City of Faribault (the "City") has investigated the facts relating to the Program Modification and TIF Plan and has caused the Program Modification and TIF Plan to be prepared; and

WHEREAS, the City has performed all actions required by law to be performed prior to the adoption of the Program Modification and TIF Plan, and has scheduled a public hearing on the Program Modification and TIF Plan upon published notice as required by law.

NOW, THEREFORE, BE IT RESOLVED by the Faribault Economic Development Authority as follows:

1. The EDA hereby finds that the Program Modification and TIF Plan conform in all respects to the requirements of the Act; will provide an impetus for residential development and provide safe and decent life cycle housing in the City.
2. The EDA further finds that the Program Modification and TIF Plan will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development or redevelopment of Development District No. 1 by private enterprise in that the intent is to provide only that public assistance necessary to make

the private developments financially feasible.

3. The EDA hereby approves the Program Modification and TIF Plan, as presented to the EDA on this date, and recommends that they be established and adopted by the City Council.

4. The President, Secretary and Executive Director, staff and consultants are hereby authorized and directed to take any and all additional steps and actions necessary or convenient in order to accomplish the intent of this Resolution.

Approved by the Faribault Economic Development Authority this 18th day of August, 2022.

By: _____
Rodney Gramse
Its: President

By: _____
A.J. Smith
Its: Secretary

Adoption Date: August 23, 2022

City of Faribault Rice County, Minnesota

MODIFICATION TO THE DEVELOPMENT PROGRAM

Development District No. 1

&

Tax Increment Financing (TIF) Plan

Establishment of Tax Increment Financing District No. 18 -
Willow Street Apartments
(an economic development district)



Prepared by:

Ehlers
3060 Centre Pointe Drive
Roseville, Minnesota 55113

BUILDING COMMUNITIES. IT'S WHAT WE DO.

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Appendix D: Letters of Support From Local Business	
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Modification to the Development Program for Development District No. 1

FOREWORD

The following text represents a Modification to the Development Program for Development District No. 1. This modification represents a continuation of the goals and objectives set forth in the Development Program for Development District No. 1. Generally, the substantive changes include the establishment of Tax Increment Financing District No. 18 - Willow Street Apartments.

For further information, a review of the Development Program for Development District No. 1, is recommended. It is available from the Community and Economic Development Director at the City of Faribault. Other relevant information is contained in the tax increment financing plans for the tax increment financing districts located within Development District No. 1.

Tax Increment Financing Plan for Tax Increment Financing District No. 18 - Willow Street Apartments

FOREWORD

The City of Faribault (the "City"), staff and consultants have prepared the following information to expedite the Establishment of Tax Increment Financing District No. 18 - Willow Street Apartments (the "District"), an economic development tax increment financing district, located in Development District No. 1.

STATUTORY AUTHORITY

Within the City, there exist areas where public involvement is necessary to cause development or redevelopment to occur. To this end, the City has certain statutory powers pursuant to *Minnesota Statutes ("M.S."), Sections 469.124 - 469.133*, inclusive, as amended, and *M.S., Sections 469.174 to 469.1794*, inclusive, as amended (the "TIF Act"), to assist in financing public costs related to this project.

This section contains the Tax Increment Financing Plan (the "TIF Plan") for the District. Other relevant information is contained in the Modification to the Development Program for Development District No. 1.

STATEMENT OF OBJECTIVES

The District currently consists of one (1) parcel of land and adjacent roads and internal rights-of-way. The District is being created to facilitate construction of 192 units of rental housing to address the workforce housing needs in the community. The City intends to enter into an agreement with Faribault Apartments, LLC as the developer of the project. Development is anticipated to begin in 2023. This TIF Plan is expected to achieve many of the objectives outlined in the Development Program for Development District No. 1.

The activities contemplated in the Modification to the Development Program and the TIF Plan do not preclude the undertaking of other qualified development or redevelopment activities. These activities are anticipated to occur over the life of Development District No. 1 and the District.

DEVELOPMENT PROGRAM OVERVIEW

Pursuant to the Development Program and authorizing state statutes, the City is authorized to undertake the following activities in the District:

1. Property to be Acquired - The City currently owns one (1) parcel of property within the District. The remaining property located within the District may be acquired by the City and is further described in this TIF Plan.
2. Relocation - Relocation services, to the extent required by law, are available pursuant to *M.S., Chapter 117* and other relevant state and federal laws.
3. Upon approval of a developer's plan relating to the project and completion of the necessary legal requirements, the City may sell to a developer selected properties that it may acquire within the District or may lease land or facilities to a developer.
4. The City may perform or provide for some or all necessary acquisition, construction, relocation, demolition, and required utilities and public street work within the District.
5. The City proposes both public and private infrastructure within the District. The proposed reuse of private property within the District will be for a workforce housing rental project, and there will be continued operation of Development District No. 1 after the capital improvements within Development District No. 1 have been completed.

DESCRIPTION OF PROPERTY IN THE DISTRICT AND PROPERTY TO BE ACQUIRED

The District encompasses all property and adjacent roads rights-of-way and abutting roadways identified by the parcels listed below.

Parcel number	Address	Owner
18.07.2.00.001	1740 Willow St.	City of Faribault

Please also see the map in Appendix A for further information on the location of the District.

The City may acquire any parcel within the District including interior and adjacent street rights of way. Any properties identified for acquisition will be acquired by the City only in order to accomplish one or more of the following: storm sewer improvements; provide land for needed public streets, utilities and facilities; carry out land acquisition, site improvements, clearance and/or development to accomplish the uses and objectives set forth in this plan. The City may acquire property by gift, dedication, condemnation or direct purchase from willing sellers in order to achieve the objectives of this TIF Plan. Such acquisitions will be undertaken only when there is assurance of funding to finance the acquisition and related costs.

The City currently owns the parcel of the property to be included in the District.

DISTRICT CLASSIFICATION

The City, in determining the need to create a tax increment financing district in accordance with *M.S., Sections 469.174 to 469.1794*, as amended, inclusive, finds that the District, to be established, is an economic development district pursuant to *M.S., Section 469.174, Subd. 12*.

The District is in the public interest because it satisfies the requirements of a workforce housing project under Section 469.176, Subdivision 4c, paragraph (d).

Pursuant to *M.S., Section 469.176, Subd. 4c*, revenue derived from tax increment from an economic development district may not be used to provide improvements, loans, subsidies, grants, interest rate subsidies, or assistance in any form to developments consisting of buildings and ancillary facilities, if more than 15% of the buildings and facilities (determined on the basis of square footage) are used for a purpose other than:

1. The manufacturing or production of tangible personal property, including processing resulting in the change in condition of the property;
2. Warehousing, storage, and distribution of tangible personal property, excluding retail sales;
3. Research and development related to the activities listed in items (1) or (2);
4. Telemarketing if that activity is the exclusive use of the property; or

5. Tourism facilities;
6. Space necessary for and related to the activities listed in items (1) to (5); or
7. A workforce housing project that satisfies the requirements of *M.S., Section 469.176, Subd. 4c(d)*.

Pursuant to *M.S., Section 469.176, Subd. 7*, the District does not contain any parcel or part of a parcel that qualified under the provisions of *M.S., Sections 273.111, 273.112, or 273.114 or Chapter 473H* for taxes payable in any of the five calendar years before the filing of the request for certification of the District.

DURATION & FIRST YEAR OF DISTRICT'S TAX INCREMENT

Pursuant to *M.S., Section 469.175, Subd. 1, and M.S., Section 469.176, Subd. 1*, the duration of the District must be indicated within the TIF Plan. Pursuant to *M.S., Section 469.176, Subd. 1b.*, the duration of the District will be 8 years after receipt of the first increment by the City. The date of receipt by the City of the first tax increment is expected to be 2024.

Thus, it is estimated that the District, including any modifications of the TIF Plan for subsequent phases or other changes, would terminate after 2032, or when the TIF Plan is satisfied. The City reserves the right to decertify the District prior to the legally required date.

ORIGINAL TAX CAPACITY, TAX RATE & ESTIMATED CAPTURED NET TAX CAPACITY VALUE/INCREMENT & NOTIFICATION OF PRIOR PLANNED IMPROVEMENTS

Pursuant to *M.S., Section 469.174, Subd. 7 and M.S., Section 469.177, Subd. 1*, the Original Net Tax Capacity (ONTC) as certified for the District will be based on the market values placed on the property by the assessor in 2022 for taxes payable 2023.

Pursuant to *M.S., Section 469.177, Subds. 1 and 2*, the County Auditor shall certify in each year (beginning in the payment year 2024) the amount by which the original value has increased or decreased as a result of:

1. Change in tax exempt status of property;
2. Reduction or enlargement of the geographic boundaries of the District;
3. Change due to adjustments, negotiated or court-ordered abatements;
4. Change in the use of the property and classification;

5. Change in state law governing class rates; or
6. Change in previously issued building permits.

In any year in which the current Net Tax Capacity (NTC) value of the District declines below the ONTC, no value will be captured and no tax increment will be payable to the City.

The original local tax rate for the District will be the local tax rate for taxes payable 2023, assuming the request for certification is made before June 30, 2023. The rates for 2023 were not available at the time the District was established. The ONTC and the Original Local Tax Rate for the District appear in the table below.

Pursuant to *M.S., Section 469.174 Subd. 4* and *M.S., Section 469.177, Subd. 1, 2, and 4*, the estimated Captured Net Tax Capacity (CTC) of the District, within Development District No. 1, upon completion of the projects within the District, will annually approximate tax increment revenues as shown in the table below. The City requests 100 percent of the available increase in tax capacity be used for repayment of the obligations of the City and current expenditures, beginning in the tax year payable 2024. The Project Tax Capacity (PTC) listed is an estimate of values when the projects within the District are completed.

Project Tax Capacity		
Project estimated Tax Capacity upon completion	402,388	
Original estimated Net Tax Capacity	1,850	
Fiscal Disparities	0	
Estimated Captured Tax Capacity	400,538	
Original Local Tax Rate	108.8640%	Pay 2022
Estimated Annual Tax Increment	\$436,041	
Percent Retained by the City	100%	

Note: Tax capacity includes a 5% inflation factor for the duration of the District. The tax capacity included in this chart is the estimated tax capacity of the District in year 9. The tax capacity of the District in year one is estimated to be \$28,125.

Pursuant to *M.S., Section 469.177, Subd. 4*, the City shall, after a due and diligent search, accompany its request for certification to the County Auditor or its notice of the District enlargement pursuant to *M.S., Section 469.175, Subd. 4*, with a listing of all properties within the District or area of enlargement for which building permits have been issued during the eighteen (18) months immediately preceding approval of the TIF Plan by the municipality pursuant to *M.S., Section 469.175, Subd. 3*. The County Auditor shall increase the original net tax capacity of the District by the net tax capacity of improvements for which a building permit was issued.

The City is reviewing the area to be included in the District to determine if any building permits have been issued during the 18 months immediately preceding approval of the TIF Plan by the City.

SOURCES OF REVENUE/BONDS TO BE ISSUED

The total estimated tax increment revenues for the District are shown in the table below:

SOURCES	
Tax Increment	\$ 2,721,012
Interest	272,101
TOTAL	\$ 2,993,113

The costs outlined in the Uses of Funds will be financed primarily through the annual collection of tax increments. The City reserves the right to issue bonds (as defined in the TIF Act) or incur other indebtedness as a result of the TIF Plan. As presently proposed, the projects within the District will be financed by pay-as-you-go notes and interfund loans. Any refunding amounts will be deemed a budgeted cost without a formal modification to this TIF Plan. This provision does not obligate the City to incur debt. The City will issue bonds or incur other debt only upon the determination that such action is in the best interest of the City.

The City may issue bonds secured in whole or in part with tax increments from the District in a maximum principal amount of \$2,461,379. Such bonds may be in the form of pay-as-you-go notes, revenue bonds or notes, general obligation bonds, or interfund loans. This estimate of total bonded indebtedness is a cumulative statement of authority under this TIF Plan as of the date of approval.

USES OF FUNDS

Currently under consideration for the District is a proposal to facilitate construction of 192 units of rental housing to address the workforce housing needs in the community. The City has determined that it will be necessary to provide assistance to the project(s) for certain District costs, as described herein.

The City has studied the feasibility of the development or redevelopment of property in and around the District. To facilitate the establishment and development or redevelopment of the District, this TIF Plan authorizes the use of tax increment financing to pay for the cost of certain eligible expenses. The estimate of public costs and uses of funds associated with the District is outlined in the following table.

USES	
Land/Building Acquisition	\$ 400,000
Site Improvements/Preparation	200,000
Utilities	150,000
Other Qualifying Improvements	1,439,278
Administrative Costs (up to 10%)	272,101
PROJECT COSTS TOTAL	\$ 2,461,379
Interest	531,734
PROJECT AND INTEREST COSTS TOTAL	\$ 2,993,113

The total project cost, including financing costs (interest) listed in the table above does not exceed the total projected tax increments for the District as shown in the Sources of Revenue section.

Estimated capital and administrative costs listed above are subject to change among categories by modification of the TIF Plan without hearings and notices as required for approval of the initial TIF Plan, so long as the total capital and administrative costs combined do not exceed the total listed above. Further, the City may spend up to 20% of the tax increment revenues from the District for activities (described in the table above) located outside the boundaries of the District but within the boundaries of the Development District No. 1 (including administrative costs, which are considered to be spend outside the District), subject to all other terms and conditions of this TIF Plan.

ESTIMATED IMPACT ON OTHER TAXING JURISDICTIONS

The estimated impact on other taxing jurisdictions assumes that the redevelopment contemplated by the TIF Plan would occur without the creation of the District. However, the City has determined that such development or redevelopment would not occur "but for" tax increment financing and that, therefore, the fiscal impact on other taxing jurisdictions is \$0. The estimated fiscal impact of the District would be as follows if the "but for" test was not met:

Impact on Tax Base			
Entity	2021/Pay 2022 Total Net Tax Capacity	Estimated Captured Tax Capacity (CTC) upon completion	Percent of CTC to Entity Total
Rice County	77,724,192	400,538	0.5153%
City of Faribault	20,431,840	400,538	1.9604%
ISD 656 (Faribault Public Schools)	35,424,548	400,538	1.1307%

Impact on Tax Rates				
Entity	Pay 2022 Extension Rate	Percent of Total	CTC	Potential Taxes
Rice County	39.3350%	36.13%	400,538	\$157,551
City of Faribault	54.6820%	50.23%	400,538	219,022
ISD 656 (Faribault Public Schools)	14.5910%	13.40%	400,538	58,442
Other	0.2560%	0.24%	400,538	1,025
	108.8640%	100.00%		\$436,041

The estimates listed above display the captured tax capacity when all construction is completed. The tax rate used for calculations is the Pay 2022 rate. The total net capacity for the entities listed above are based on Pay 2022 figures. The District will be certified under the Pay 2023 rates, which were unavailable at the time this TIF Plan was prepared.

Pursuant to *M.S., Section 469.175 Subd. 2(b)*:

- (1) Estimate of total tax increment. It is estimated that the total amount of tax increment that will be generated over the life of the District is \$2,721,012;

- (2) Probable impact of the District on city provided services and ability to issue debt. An impact of the District on police protection is expected. With any addition of new residents or businesses, police calls for service will be increased. New developments add an increase in traffic, and additional overall demands to the call load. The City does not expect that the proposed development, in and of itself, will necessitate new capital investment in vehicles or facilities.

The probable impact of the District on fire protection is not expected to be significant. Typically new buildings generate few calls, if any, and are of superior construction. The City does not expect that the proposed development, in and of itself, will necessitate new capital investment in vehicles or facilities.

The impact of the District on public infrastructure is expected to be minimal. The development is not expected to significantly impact traffic movements in the area. The current infrastructure for sanitary sewer, water and stormwater will be able to handle the additional volume generated from the proposed development. Based on the development plans, there are limited additional costs associated with street maintenance, sweeping, plowing, lighting and sidewalks. The development in the District is expected to contribute an estimated \$297,000 in sanitary sewer (SAC) and water (WAC) connection fees.

The probable impact of the issuance of any general obligation tax increment bonds payable from tax increment revenues from the District on the City's ability to issue debt for general fund purposes is expected to be minimal. It is not anticipated that there will be any general obligation debt issued in relation to this project, therefore there will be no impact on the City's ability to issue future debt or on the City's debt limit.

- (3) Estimated amount of tax increment attributable to school district levies. It is estimated that the amount of tax increments over the life of the District that would be attributable to school district levies, assuming the school district's share of the total local tax rate for all taxing jurisdictions remained the same, is \$364,696;
- (4) Estimated amount of tax increment attributable to county levies. It is estimated that the amount of tax increments over the life of the District that would be attributable to county levies, assuming the county's share of the total local tax rate for all taxing jurisdictions remained the same, is \$983,163;

- (5) Additional information requested by the county or school district. The City is not aware of any standard questions in a county or school district written policy regarding tax increment districts and impact on county or school district services. The county or school district must request additional information pursuant to *M.S., Section 469.175 Subd. 2(b)* within 15 days after receipt of the tax increment financing plan.

No requests for additional information from the county or school district regarding the proposed development for the District have been received.

SUPPORTING DOCUMENTATION

Pursuant to *M.S., Section 469.175, Subd. 1 (a), clause 7* this TIF Plan must contain identification and description of studies and analyses used to make the determination set forth in *M.S., Section 469.175, Subd. 3, clause (b)(2)* and the findings are required in the resolution approving the District.

- (i) In making said determination, reliance has been placed upon (1) written representation made by the Developer to such effects, (2) review of the Developer's proforma; and (3) City staff awareness of the feasibility of developing the project site within the District, which is further outlined in the City Council resolution approving the establishment of the District and Appendix C.
- (ii) A comparative analysis of estimated market value both with and without establishment of the District and the use of tax increments has been performed. Such analysis is included with the cashflow in Appendix B and indicates that the increase in estimated market value of the proposed development (less the indicated subtractions) exceeds the estimated market value of the site absent the establishment of the District and the use of tax increments.

DISTRICT ADMINISTRATION

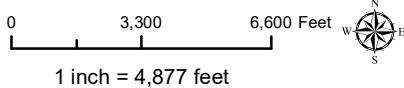
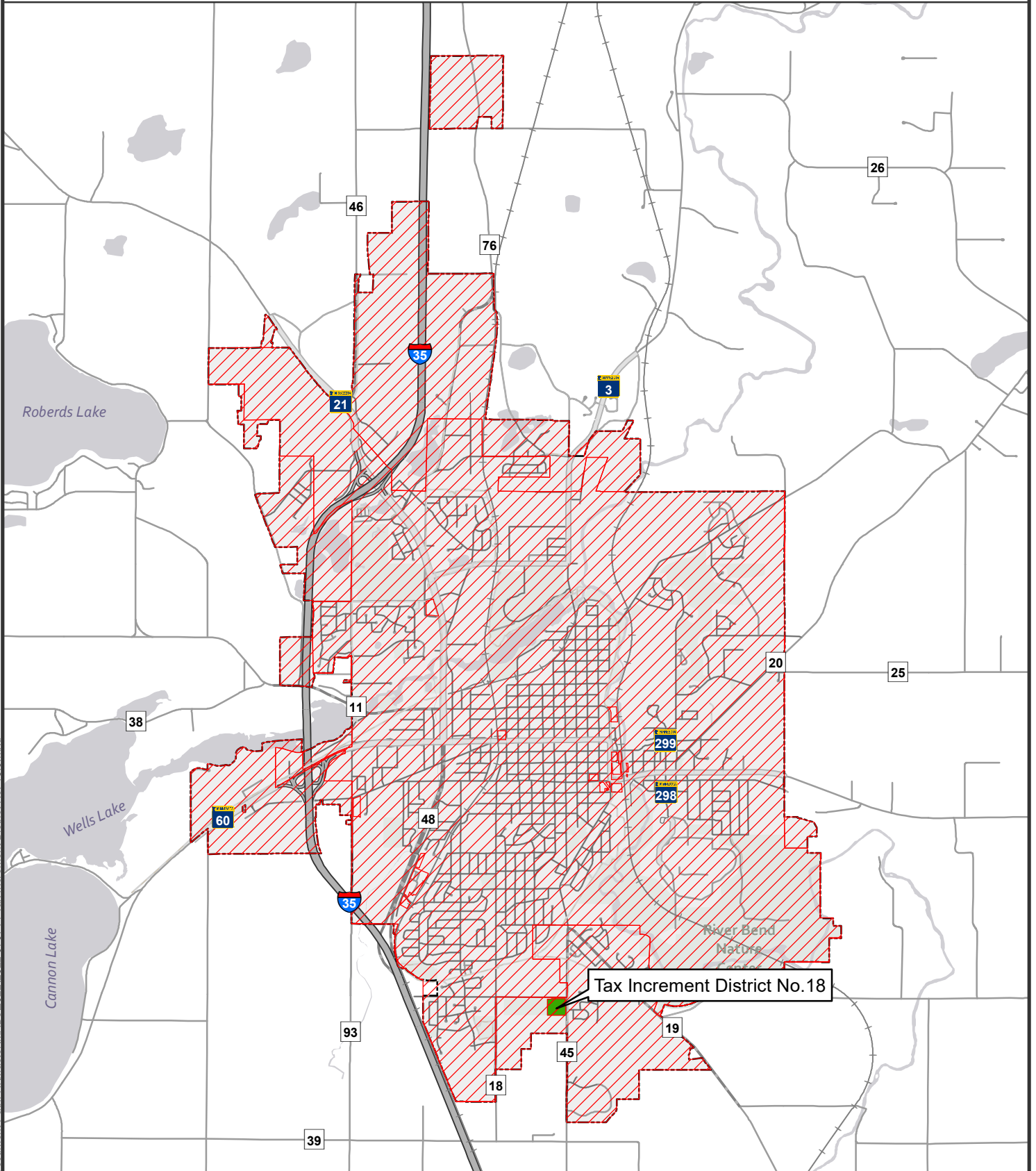
Administration of the District will be handled by the Community and Economic Development Director.

Appendix A: Map of Development District No. 1 and the TIF District

Development District No. 1 Tax Increment District No. 18

This map is neither a legally recorded map nor a survey.
This map is a compilation data affecting the area shown;
and is for reference purposes only. In using the map, you
assume responsibility for the correctness all information
extracted from this map.

Document Path: N:\MasterMXDs\2022\2022 070714 Tax Increment District No. 18.3.mxd



- Development District No. 1
- Tax Increment District No. 18

Appendix B: Estimated Cash Flow for the District

TIF #18 - Willow Street Apartments

City of Faribault, MN

192 Workforce Rental Units



ASSUMPTIONS AND RATES

DistrictType:	Economic Development
District Name/Number:	TIF District No. 18-Willow Street Apartments
County District #:	
First Year Construction or Inflation on Value	2022
Existing District - Specify No. Years Remaining	
Inflation Rate - Every Year:	5.00%
Interest Rate:	4.00%
Present Value Date:	1-Aug-23
First Period Ending	1-Feb-24
Tax Year District was Certified:	Pay 2022
Cashflow Assumes First Tax Increment For Development:	2024
Years of Tax Increment	9
Assumes Last Year of Tax Increment	2032
Fiscal Disparities Election [Outside (A), Inside (B), or NA]	NA
Incremental or Total Fiscal Disparities	NA
Fiscal Disparities Contribution Ratio	NA Pay 2022
Fiscal Disparities Metro-Wide Tax Rate	NA Pay 2022
Maximum/Frozen Local Tax Rate:	108.864% Pay 2022
Current Local Tax Rate: (Use lesser of Current or Max.)	108.864% Pay 2022
State-wide Tax Rate (Comm./Ind. only used for total taxes)	36.2890% Pay 2022
Market Value Tax Rate (Used for total taxes)	0.20456% Pay 2022

Tax Rates		
Exempt Class Rate (Exempt)		0.00%
Commercial Industrial Preferred Class Rate (C/I Pref.)		
First \$150,000		1.50%
Over \$150,000		2.00%
Commercial Industrial Class Rate (C/I)		2.00%
Rental Housing Class Rate (Rental)		1.25%
Affordable Rental Housing Class Rate (Aff. Rental)		
First \$100,000		0.75%
Over \$100,000		0.25%
Non-Homestead Residential (Non-H Res. 1 Unit)		
First \$500,000		1.00%
Over \$500,000		1.25%
Homestead Residential Class Rate (Hmstd. Res.)		
First \$500,000		1.00%
Over \$500,000		1.25%
Agricultural Non-Homestead		1.00%

BASE VALUE INFORMATION (Original Tax Capacity)

Map ID	PID	Owner	Address	Land Market Value	Building Market Value	Total Market Value	Percentage Of Value Used for District	Original Market Value	Tax Year Original Market Value	Property Tax Class	Current Original Tax Capacity	Class After Conversion	After Conversion Orig. Tax Cap.	Area/ Phase
1	18.07.2.00.001	City of Faribault	1740 Willow St.	148,000	0	148,000	100%	148,000	Pay 2022	Exempt	-	Rental	1,850	1
				148,000	0	148,000		148,000			0		1,850	

Note:

1. Base values are for pay 2023 based upon review of County website on 7-13-22.
2. Located in SD # 656 and TAG: FARIBO-SD656-HSP-HRA-EDA

TIF #18 - Willow Street Apartments

City of Faribault, MN
192 Workforce Rental Units



PROJECT INFORMATION (Project Tax Capacity)													
Area/Phase	New Use	Estimated Market Value Per Sq. Ft./Unit	Taxable Market Value Per Sq. Ft./Unit	Total Sq. Ft./Units	Total Taxable Market Value	Property Tax Class	Project Tax Capacity	Project Tax Capacity/Unit	Percentage Completed 2022	Percentage Completed 2023	Percentage Completed 2024	Percentage Completed 2025	First Year Full Taxes Payable
1	Apartments	125,000	125,000	72	9,000,000	Rental	112,500	1,563	25%	100%	100%	100%	2025
2	Apartments	125,000	125,000	48	6,000,000	Rental	75,000	1,563	0%	25%	100%	100%	2026
3	Apartments	125,000	125,000	72	9,000,000	Rental	112,500	1,563	0%	0%	25%	100%	2027
TOTAL					24,000,000		300,000						
Subtotal Residential				192	24,000,000		300,000						
Subtotal Commercial/Ind.				0	0		0						

Note:

1. Market values are based upon estimates from the County Assessor.

TAX CALCULATIONS									
New Use	Total Tax Capacity	Fiscal Disparities Tax Capacity	Local Tax Capacity	Local Property Taxes	Fiscal Disparities Taxes	State-wide Property Taxes	Market Value Taxes	Total Taxes	Taxes Per Sq. Ft./Unit
Apartments	112,500	0	112,500	122,472	0	0	18,410	140,882	1,956.70
Apartments	75,000	0	75,000	81,648	0	0	12,274	93,922	1,956.70
Apartments	112,500	0	112,500	122,472	0	0	18,410	140,882	1,956.70
TOTAL	300,000	0	300,000	326,592	0	0	49,094	375,686	

Note:

1. Taxes and tax increment will vary significantly from year to year depending upon values, rates, state law, fiscal disparities and other factors which cannot be predicted.

WHAT IS EXCLUDED FROM TIF?	
Total Property Taxes	375,686
less State-wide Taxes	0
less Fiscal Disp. Adj.	0
less Market Value Taxes	(49,094)
less Base Value Taxes	(2,014)
Annual Gross TIF	324,578

MARKET VALUE BUT / FOR ANALYSIS	
Current Market Value - Est.	148,000
New Market Value - Est.	24,000,000
Difference	23,852,000
Present Value of Tax Increment	2,137,893
Difference	21,714,107
Value likely to occur without Tax Increment is less than:	21,714,107



TIF #18 - Willow Street Apartments
City of Faribault, MN
192 Workforce Rental Units

TAX INCREMENT CASH FLOW														
% of OTC	Project Tax Capacity	Original Tax Capacity	Fiscal Disparities NA	Captured Tax Capacity	Local Tax Rate	Annual Gross Tax Increment	Semi-Annual Gross Tax Increment	State Auditor 0.36%	Admin. at 10%	Semi-Annual Net Tax Increment	Semi-Annual Present Value	PERIOD ENDING Yrs.	Tax Year	Payment Date
100%	28,125	(1,850)	-	26,275	108.864%	28,604	14,302	(51)	(1,425)	12,825	12,327	0.5	2024	02/01/24
100%	131,250	(1,850)	-	129,400	108.864%	140,870	14,302	(51)	(1,425)	12,825	24,413	1	2024	02/01/25
							70,435	(254)	(7,018)	63,163	82,766	1.5	2025	08/01/25
100%	221,250	(1,850)	-	219,400	108.864%	238,848	70,435	(254)	(7,018)	63,163	139,975	2	2025	02/01/26
							119,424	(430)	(11,899)	107,094	235,072	2.5	2026	08/01/26
100%	315,281	(1,850)	-	313,431	108.864%	341,214	119,424	(430)	(11,899)	107,094	328,304	3	2026	02/01/27
							170,607	(614)	(16,999)	152,993	458,883	3.5	2027	08/01/27
100%	331,045	(1,850)	-	329,195	108.864%	358,375	170,607	(614)	(16,999)	152,993	586,901	4	2027	02/01/28
							179,188	(645)	(17,854)	160,688	718,721	4.5	2028	08/01/28
100%	347,598	(1,850)	-	345,748	108.864%	376,395	179,188	(645)	(17,854)	160,688	847,957	5	2028	02/01/29
							188,197	(678)	(18,752)	168,768	981,029	5.5	2029	08/01/29
100%	364,977	(1,850)	-	363,127	108.864%	395,315	188,197	(678)	(18,752)	168,768	1,111,492	6	2029	02/01/30
							197,658	(712)	(19,695)	177,251	1,245,826	6.5	2030	08/01/30
100%	383,226	(1,850)	-	381,376	108.864%	415,182	197,658	(712)	(19,695)	177,251	1,377,527	7	2030	02/01/31
							207,591	(747)	(20,684)	186,159	1,513,134	7.5	2031	08/01/31
100%	402,388	(1,850)	-	400,538	108.864%	436,041	207,591	(747)	(20,684)	186,159	1,646,081	8	2031	02/01/32
							218,021	(785)	(21,724)	195,512	1,782,971	8.5	2032	08/01/32
							218,021	(785)	(21,724)	195,512	1,917,177	9	2032	02/01/33
Total							2,730,843	(9,831)	(272,101)	2,448,911				
Present Value From 08/01/2023 Present Value Rate 4.00%							2,137,893	(7,696)	(213,020)	1,917,177				

Appendix C: Findings Including But/For Qualifications

The reasons and facts supporting the findings for the adoption of the Tax Increment Financing Plan for Tax Increment Financing District No. 18 - Willow Street Apartments as required pursuant to *Minnesota Statutes (M.S.), Section 469.175, Subd. 3* are as follows:

1. *Finding that Tax Increment Financing District No. 18 - Willow Street Apartments is an economic development district as defined in M.S., Section 469.174, Subd. 12.*

Tax Increment Financing District No. 18 - Willow Street Apartments is a contiguous geographic area within the City's Development District No. 1, delineated in the TIF Plan, for the purpose of financing economic development in the City through the use of tax increment. The District is in the public interest because it will facilitate construction of 192 units of rental housing to address the workforce housing needs in the community in the City which will increase employment in the State and preserve and enhance the tax base of the state.

2. *Finding that the proposed development, in the opinion of the City Council, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future and that the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of Tax Increment Financing District No. 18 - Willow Street Apartments permitted by the TIF Plan.*

The proposed development, in the opinion of the City, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future: This finding is supported by the fact that the development proposed in this plan includes workforce rental housing that meets the City's objectives for economic development. The cost of land acquisition, and related site improvements necessary to maximize development potential, makes development of the facility infeasible without City assistance. The Developer was asked for and provided a letter and a proforma as justification that the developer would not have gone forward without tax increment assistance.

The increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the District permitted by the TIF Plan: The City supported this finding on the grounds that the project includes workforce housing. The City reasonably determines that no other development of similar scope that provides the necessary housing is anticipated on this site without substantially similar assistance being provided to the development.

Therefore, the City concludes as follows:

- a. The City's estimate of the amount by which the market value of the entire District will increase without the use of tax increment financing is \$0.
 - b. If the proposed development occurs, the total increase in market value will be \$23,852,000 (see Appendix B of the TIF Plan)
 - c. The present value of tax increments from the District for the maximum duration of the district permitted by the TIF Plan is estimated to be \$2,137,893 (see Appendix B of the TIF Plan).
 - d. Even if some development other than the proposed development were to occur, the Council finds that no alternative would occur that would produce a market value increase greater than \$21,714,107 (the amount in clause b less the amount in clause c) without tax increment assistance.
3. *Finding that the TIF Plan for Tax Increment Financing District No. 18 - Willow Street Apartments conforms to the general plan for the development or redevelopment of the municipality as a whole.*

The City Council reviewed the TIF Plan and found that the TIF Plan conforms to the general development plan of the City.

4. *Finding that the Tax Increment Financing Plan for Tax Increment Financing District No. 18 - Willow Street Apartments will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development of Development District No. 1 by private enterprise.*

The project to be assisted by the District will result in increased employment in the City and the State of Minnesota, increased tax base of the State, and add a high-quality development to the City.

Appendix D: Letters of Support From Local Business

July 7, 2022

Dear Minnesota Housing:

Trystar supports the housing developments that are being proposed at Willow and 17th Street and the Riverchase Apartment complex located at Willow and Division Street.

Finding quality employees has been a very difficult task for some time now, made harder by the lack of available housing in Faribault. Trystar looked to creative solutions to the workforce/housing crisis in the past including opening an office 30 minutes north of Faribault and using a shuttle to take employees from this Burnsville office down to Faribault. While this has helped us add some employees from further distances away that would normally not have been viable due to the drive, we haven't been able to add nearly enough employees in this manner and need employees who can be local in order to be on-site at our production facility every day during normal working hours without having to drive extended distances. The lack of quality housing has also affected our ability to attract high skill talent. Trystar employees would like the opportunity to be able to live in the town that they work in, but in the current state, our employees are unable to find quality and/or affordable housing in Faribault.

Trystar is a vertically integrated manufacturer of electrical infrastructure solutions and an integral part of the nation's overall electrical power capability. We continue to expand at rapid rates and with that need to add employees to our Faribault operations. As we grow, quality affordable housing will be necessary to be successful doing this. Faribault is a great city and our staff want to live in their community and raise their families here.

Trystar looks forward to seeing these proposed projects come to fruition, benefiting not only Trystar, but the many businesses that call Faribault home.

Housing options are needed in Faribault, and Trystar writes in support of the developments that the City is considering.

Sincerely,



A.J. Smith, CEO

July 7, 2022

Dear Minnesota Housing:

Faribault Foods supports the housing developments that are being proposed at Willow and 17th Street, and the Riverchase Apartment complex located at Willow and Division Street.

Faribault Foods is a major employer in the City of Faribault, and we are struggling to find quality employees because of the housing shortage in Faribault. We have had to find creative solutions to the housing issues in Faribault, which currently include housing staff in regionally based hotels and offering transportation to the employees. This is not an ideal solution for many reasons!

Our employees want to live in the community that they work in and new workforce and market rate housing is the only way that our recruited employees will have that opportunity. The vacancy rate in Faribault is very low, and an ability for a newcomer to secure an apartment in Faribault is also very low. More housing is necessary to ensure the success of established businesses as well as businesses that look to enter this market. A lack of housing will deter any future businesses from putting roots in Faribault.

Faribault Foods looks forward to seeing these proposed projects come to fruition. These projects add quality housing to Faribault's landscape, and will benefit the businesses as we seek to recruit quality employees.

Faribault Foods writes in support of the housing projects at Willow and 17th Street and Willow and Division.

Sincerely,



David Tieman
Faribault Foods



July 7, 2022

Dear Minnesota Housing:

Jennie-O Turkey supports the housing developments that are being proposed at Willow Street and 17th Street and the Riverchase Apartment complex located at Willow and Division Street.

Jennie-O Turkey is a major employer in the City of Faribault, and we struggle to find quality employees because of the housing shortage in Faribault. We know that we are not unlike many other employers in the City, and we are all seeking very similarly skilled employees. Faribault has a unique employer base, with many skilled trades being represented in a small town. We take pride in that!

Housing has become a major barrier and concern in recruiting and hiring staff. Jennie-O employees would like the opportunity to live in quality housing that is available and affordable and have the opportunity to be part of the community in which they work. It is extremely difficult to recruit employees when there is no housing available for them.

Jennie-O Turkey looks forward to seeing these proposed projects come to fruition. These projects add quality housing to Faribault's landscape, and will benefit the businesses as we seek to recruit quality employees.

Jennie-O Turkey writes in support of the housing projects at Willow and 17th Street and Willow and Division.

Sincerely,

A handwritten signature in black ink, appearing to read "Jody Long", is written over a light blue horizontal line.

Jody Long

Plant Manager

Appendix E: Supporting Documentation of Vacancy Rate



Discussion Item

TO: Faribault Housing and Redevelopment Authority

FROM: Kim Clausen

MEETING DATE: August 8, 2022

SUBJECT: Vacancy Study Update

PURPOSE:

Accept an update to the 2020 Maxfield Vacancy Study.

BACKGROUND:

In 2020, the HRA hired Maxfield Research and Consulting to prepare a rental housing needs analysis with recommendations. The scope of the project included:

- Analysis of demographic and economic characteristics of the city
- Review of existing rental housing stock
- Evaluation of rental market conditions
- Calculation of demand for general occupancy *and* senior rental housing
- Assessment of housing affordability
- Verify eligibility for Workforce Housing TIF Programs

Two main purposes of the Study were to support the community's efforts to recruit apartment developers and to verify the City's eligibility for a new Economic Development-Workforce Housing TIF Program. The TIF Program requires that Faribault and other communities within 15 miles has a vacancy rate of less than 3% for the previous 2 years.

The City currently has multiple development projects that could take advantage of the Economic Development-Workforce Housing TIF Program. Staff performed an update of the vacancy portion of the 2020 Vacancy Study to determine the vacancy rate of Faribault and other communities within 15 miles for 2020 and 2021. Staff was able to survey 1,804 rental units in Northfield, Faribault and Owatonna. These units had a combined 2020 vacancy rate of .63% and a 2021 vacancy rate of .77%, for an average vacancy rate of .7% for the last 2 years.

REQUESTED ACTION: The HRA is requested to receive and file this update to the 2020 Vacancy Study.

January 5, 2018

MEMORANDUM

TO: Ms. Kim Clausen
Community Development Coordinator
City of Faribault

FROM: Ms. Mary C. Bujold
Maxfield Research and Consulting LLC

Re: Vacancy Rate Trends for Rental Housing in the Cities of Faribault, Northfield and Owatonna in South Central Minnesota

Introduction

Maxfield Research was engaged by the City of Faribault to conduct an analysis of vacancy rate trends for the Cities of Faribault, Northfield and Owatonna. Faribault and Northfield are located in Rice County (Northfield is also partially located in Dakota County) and Owatonna is located in Steele County.

This memorandum presents our findings of the analysis that was conducted during the month of November.

General Summary

Overall, our surveys and contacts among rental housing properties (predominantly mid-size or larger properties (8 units or more) find that vacancy rates have continued to decrease over the past four years, especially among properties that are income-restricted, which includes those financed under programs such as Rural Development, Low-Income Housing Tax Credits, and Section 8. Properties with income restrictions have few or no vacancies at this time and many have long waiting lists. Market rate properties exhibit greater variance with regards to occupancies. Lower-priced market rate units in properties that are older (built pre-2000) were identified to have only one or no vacancies at this time and in discussions with property owners, the vacancy rates were only slightly higher two years ago and have continued to decrease as the economy has recovered. Higher-priced market rate units with rents that exceed a base price of \$800 per month for a one-bedroom unit tend to have greater availability, but these units were identified as largely non-traditional rentals such as condos, townhomes or single-family homes.

Rents have increased consistently over the past four years. From 2012 through 2016, rents at market rate properties have increased at market rate and income-restricted rental properties among the communities between 2% and 2.5% per year. This is considered to be a healthy annual increase and indicates that rents are keeping pace with and/or exceeding inflation. With rents increasing at this average annual rate and vacancies continuing to decrease, rents may start to increase at a higher annual rate beyond the standard inflation rate.

The following paragraphs provide additional supplemental information on rental market conditions in each of the three larger cities. Surveyed properties included only traditional rental units and did not include non-traditional units such as rented single-family homes or rented townhomes that were previously owner-occupied. These units may move back and forth between the owned and rental residential markets.

Northfield

Surveyed Properties

The surveyed contained a total of 1,132 rental units among 23 properties ranging in size from 4 units to 204 units with an average size of 49 units. The vacancy rate in November 2017 for these units was 0.3%, which is very low and indicates an exceptionally tight rental market. The market equilibrium rate for rental housing is considered to be 5% to allow for adequate turnover and sufficient consumer choice. A vacancy rate of less than 1% indicates that there is less turnover and renter households are not likely relocating due to a concern that they will not be able to find other suitable housing options in the local market.

Discussions with rental property owners and managers identified that the overall rental market in Northfield has continued to tighten over the past two years. One year ago, the overall vacancy rate in Northfield was estimated at 1.5% and two years ago, it was estimated at 2.0%. Vacancy rates have continued to decrease between 2015 and 2017, indicating continued strong demand for rental housing in the community. Glo Suites, a four-unit studio rental building was constructed in 2015 and is fully-occupied. Prior to that, there were no new rental properties built in Northfield since a 45-unit building was constructed in 2010 (Mosaic Apartments).

Rent levels among rental properties in Northfield have increased between 1% and 3% annually over the past four years and between 2% and 4% over the past two years. In our discussions with rental property managers, rents have increased based on strong demand and vacancies have continued to remain low. Property managers frequently receive several calls per week from households looking for apartments.

Faribault

Maxfield Research surveyed 1,133 units among 24 properties in Faribault. The survey identified a total of 7 units vacant for an overall vacancy rate of 0.8%, indicating that the rental market in Faribault is very tight. These units were identified in traditional rental properties with property sizes ranging from four units to 144 units. The average size of properties surveyed was 47 units, which is modest size.

Conversations with rental property owners and managers revealed that rents have been gradually increasing in Faribault and vacancies have decreased in each year since 2012. Most stated that the current vacancy situation in Faribault is very tight and that it is the tightest rental market they have seen in many years. Again, no new rental buildings have been constructed in recent years.

In 2016, the overall rental vacancy rate in Faribault was identified to be 1.2% and in 2015, was estimated at 1.3%. As noted above, the rental vacancy rate has continued to decrease in Faribault and is now less than 1.0%. Again, vacancy rates that are this low in the market substantially reduce consumer choice and turnover and also reduce the potential for economic development as companies that would consider locating in a community want to make certain that there is sufficient housing to accommodate workers, especially if they are adding jobs to the area and expect that some workers would desire to relocate.

Owatonna

Maxfield surveyed rental properties in Owatonna in 2017, 2016, 2015 and 2013. Two of these surveys were completed as a result of the Comprehensive Housing Needs Analysis, one was completed for a private developer and the most recent, at the request of the City of Faribault. Findings of the surveys revealed the following overall rental vacancy rate. A total of 1,142 units was surveyed. These same properties were surveyed in 2013, 2015 and 2016. In 2013, the vacancy rate was 5.5%. In 2015, the vacancy rate had dropped to 4.8%. By 2016, the vacancy rate had decreased to 4.2% and by 2017, it had decreased to 2.1% (a decrease of 2.7% over the period), showing that overall demand for rental housing has increased over the period. The overall vacancy rate of 2.7% in Owatonna, similar to the other two communities, reflects strong demand and a vacancy rate well below the 5% market equilibrium level. Owatonna had the highest market rate rental vacancy rate of the three communities surveyed, but was still well below the equilibrium rate.

Rents have increased in Owatonna by approximately 2.0% annually over the period between 2013 and 2017.

Summary

Given the most recent vacancy rates and the lack of new rental construction, Northfield and Faribault currently exhibit the greatest need for additional rental housing.

The table below summarizes the estimated average overall vacancy rate in each of the three communities over the past two years (2015 through 2017) and an average overall vacancy rate for the three communities combined for each of the years, reflecting a two-year period.

VACANCY RATE SUMMARY SURVEYED RENTAL UNITS FARIBAULT, NORTHFIELD AND OWATONNA 2015 through 2017			
Community	Units Surveyed	Units Vacant	Vacancy Rate
Faribault			
2017	1,133	9	0.8
2016	1,133	14	1.2
2015	1,133	15	1.3
Northfield			
2017	1,132	4	0.3
2016	1,132	17	1.5
2015	1,132	23	2.0
Owatonna			
2017	1,142	14	1.2
2016	1,142	29	2.5
2015	1,142	32	2.8
Combined			
2017	3,407	27	0.8%
2016	3,407	60	1.8%
2015	3,407	70	2.1%
Source: Maxfield Research and Consulting LLC			

In communities where there has been a limited supply of rental housing that has not kept pace with increasing demand, rents are increasing, on average, 2% to 3% annually, above the annual national inflation rate. Vacancies have decreased and continue to remain low, suggesting that demand for rental units has increased and continues to remain strong. An overall vacancy rate however, of less than 1% not only constricts consumer choice in the market, but also reduces the potential for future employment growth as companies may be deterred from locating in a community that does not have sufficient housing for workers and/or may be deterred from

hiring new workers, especially from outside of the area, if there is not sufficient housing availability.

High land and construction costs (substantial labor shortages) and construction and development companies focusing on housing markets where they are able to achieve higher yields for their investments has resulted in a substantial lack of investment in rental housing in outlying communities over the past four years and in some communities, new rental construction has not occurred for an even longer period of time. Single-family homes and owner-occupied townhomes have been converted to rental to support some of the demand for larger size units, but this takes away from the existing owner-occupied stock and in some cases, has created a severe shortage of entry-level housing for first-time homebuyers.

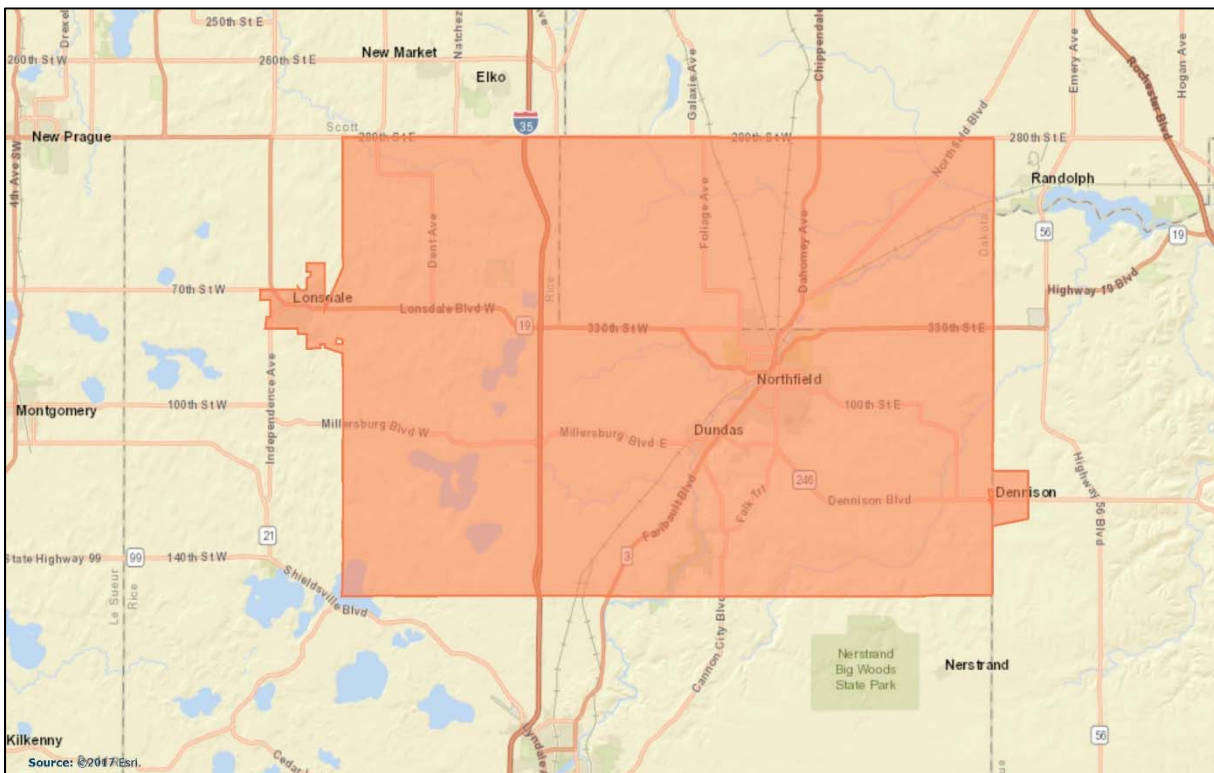
Demographic and Employment Review

This section provides information on population and household growth trends, employment growth trends and demographic characteristics for each of the communities included in the analysis: Northfield, Faribault and Owatonna. Where appropriate, demographic data is also provided for Rice and Steele Counties as a comparison.

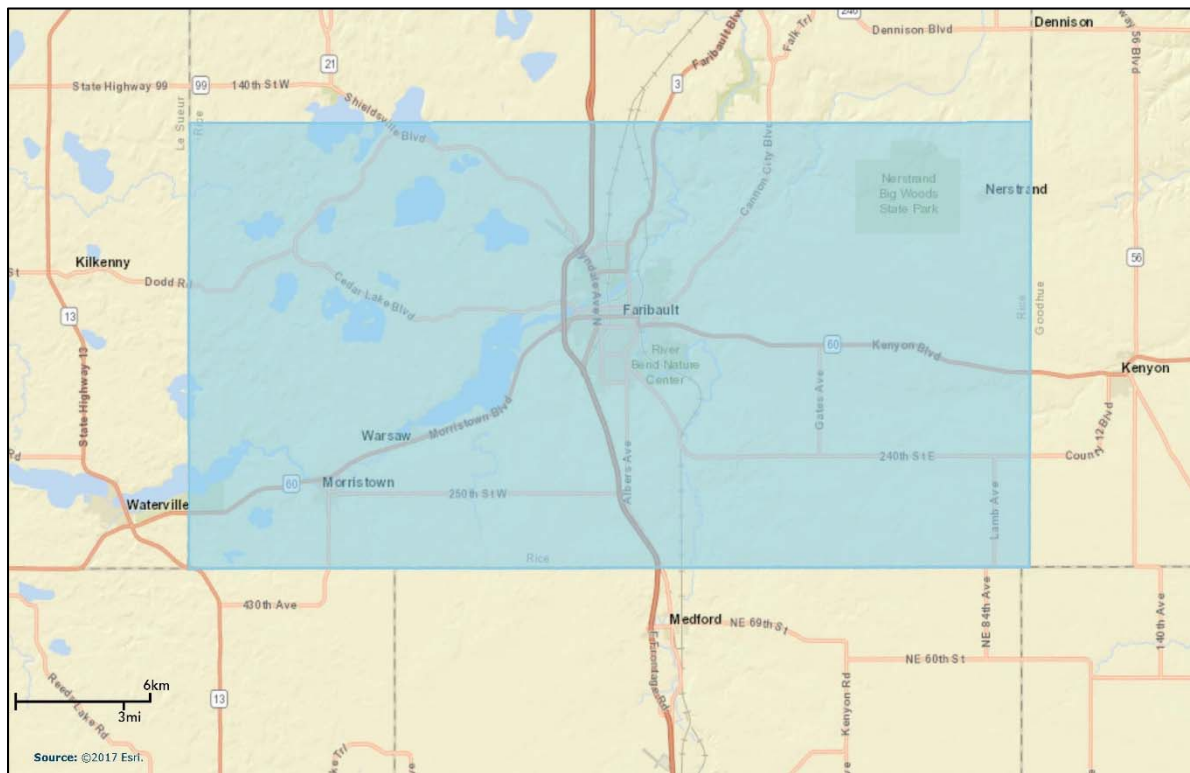
Draw areas were compiled for each of the communities with the understanding that there is also likely to be some cross-over between each of these communities in terms of employment and residential options, including apartments. As such, the draw areas identified for this memorandum would not necessarily reflect the draw area for a specific development that might be proposed in any one of the three communities. Jurisdictions included for the draw areas are shown on Table 1 below.

TABLE 1 DRAW AREAS NORTHFIELD, FARIBAULT, OWATONNA		
Northfield	Faribault	Owatonna
Bridgewater Twp.	Cannon City Twp.	Aurora Twp.
Dennison city	Faribault city	Clinton Falls Twp.
Dundas city	Morristown city	Deerfield Twp.
Forest Twp.	Morristown Twp.	Havana Twp.
Greenvale Twp.	Nerstrand city	Lemond Twp.
Lonsdale city	Richland Twp.	Medford city
Northfield city	Walcott Twp.	Medford Twp.
Northfield Twp.	Warsaw Twp.	Merton Twp.
Sciota Twp.	Wells Twp.	Owatonna city
Waterford Twp.	Wheeling Twp.	Owatonna Twp.
Webster Twp.		Somerset Twp.
Source: US Census		

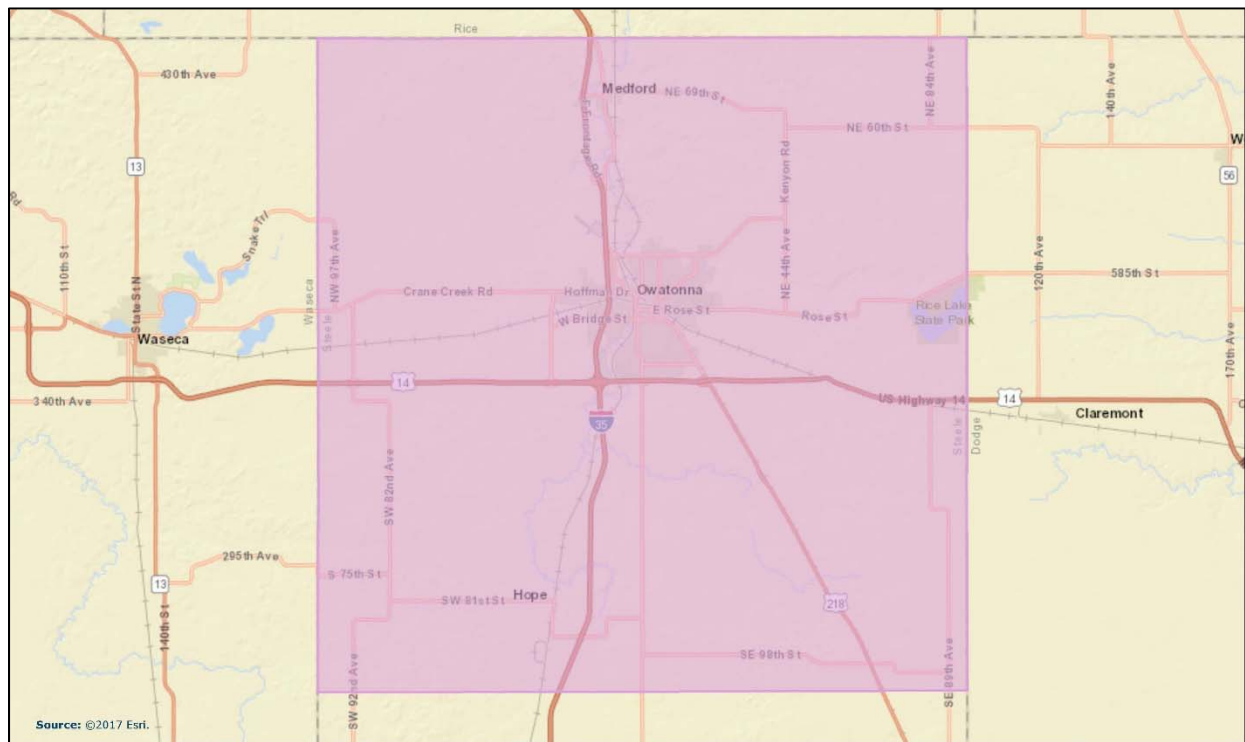
Northfield Draw Area



Faribault Draw Area



Owatonna Draw Area



Population and Household Growth Trends

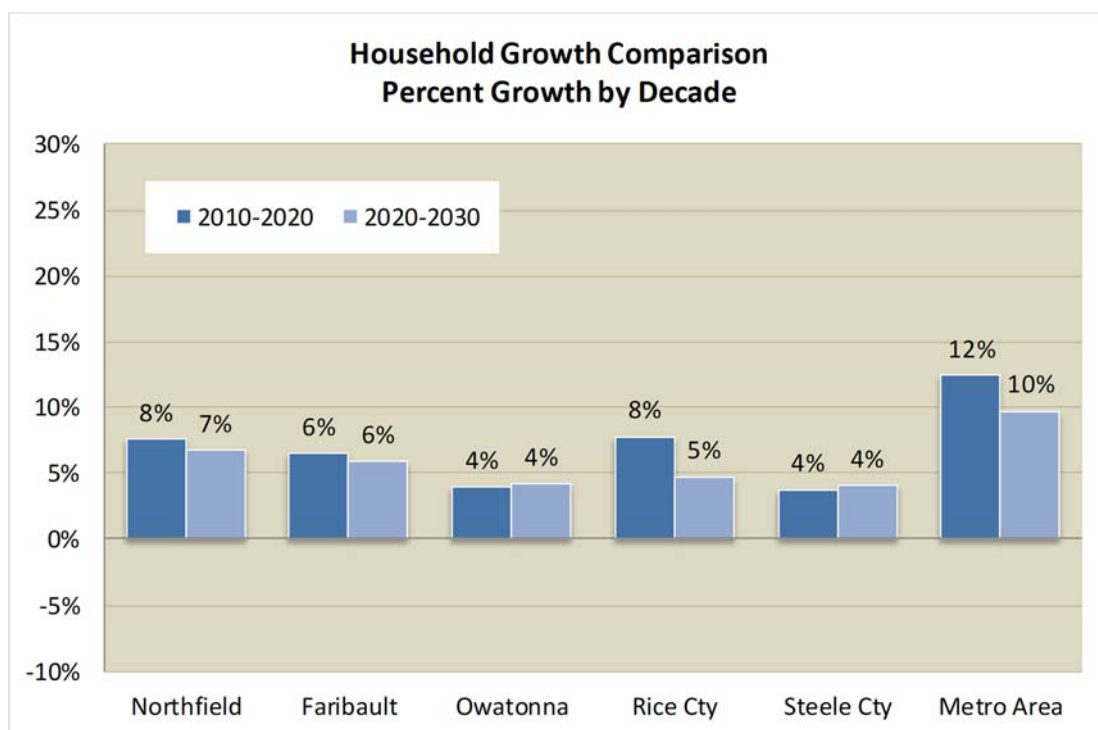
Table 2 shows a summary of population and household growth trends for each of the community draw areas along with Rice and Steele Counties and the 7-County Twin Cities Metro Area. Data was compiled from the US Census and from ESRI Inc., a national demographics forecasting and mapping provider. The projections for 2030 were derived from data provided by ESRI Inc. and were reviewed against data compiled by the Minnesota Demographic Center.

TABLE 2 POPULATION AND HOUSEHOLD GROWTH TRENDS AND PROJECTIONS DRAW AREAS 2000 - 2030									
	Census		Estimate	Forecast		Change			
						2000-2010		2010-2020	
	2000	2010	2017	2020	2030	No.	Pct.	No.	Pct.
Population									
Northfield Draw Area	26,319	32,576	33,961	34,513	36,407	6,257	23.8%	1,937	5.9%
Faribault Draw Area	30,234	32,517	33,765	34,297	36,069	2,283	7.6%	1,780	5.5%
Owatonna Draw Area	29,615	32,474	33,261	33,658	34,980	2,859	9.7%	1,184	3.6%
Rice County	56,665	64,142	66,489	68,179	70,883	7,477	13.2%	4,037	6.3%
Steele County	33,680	36,576	37,398	37,832	39,278	2,896	8.6%	1,256	3.4%
Twin Cities Metro Area*	2,642,062	2,849,567	3,073,520	3,127,660	3,388,950	207,505	7.9%	278,093	9.8%
Households									
Northfield Draw Area	8,081	10,808	11,389	11,622	12,400	2,727	33.7%	814	7.5%
Faribault Draw Area	10,822	11,839	12,380	12,603	13,345	1,017	9.4%	764	6.5%
Owatonna Draw Area	11,305	12,705	13,040	13,206	13,758	1,400	12.4%	501	3.9%
Rice County	18,888	22,315	23,338	24,046	25,179	3,427	18.1%	1,731	7.8%
Steele County	12,846	14,330	14,684	14,865	15,467	1,484	11.6%	535	3.7%
Twin Cities Metro Area*	1,021,456	1,117,749	1,204,920	1,256,580	1,378,470	96,293	9.4%	138,831	12.4%
*Includes the 7-County Area (Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington Counties)									
Sources: US Census Bureau; ESRI; Metropolitan Council; MN Demographic Ctr.; Maxfield Research & Consulting, LLC									

The table shows that during the 2000s, population and household growth in the Northfield draw area was robust, with that area increasing its population and household bases by 23.8% and 33.7%, respectively. Growth in Owatonna was second with 9.7% and 12.4% increases followed by Faribault with increases of 9.4% and 9.7%. All of these growth rates were very healthy and indicate that these regional centers continued to attract people and households. Higher growth rates for households versus population suggest shrinking household sizes and an overall aging of the household base with fewer people living in each household. Faribault had a slightly higher growth rate for population, which suggests that this community may have attracted larger households during the period from 2000 to 2010.

Growth rates are anticipated to moderate during the 2010s as each of these communities continues to age overall and as the economic recession in the early part of the decade reduced economic development throughout Minnesota. Growth from 2020 to 2030 is anticipated to be about the same rate as growth projected for 2010 to 2020, between 4% and 7% for each of the draw areas. These growth rates, while lower than during the 2000s, are nevertheless, considered to be healthy.

The graph below shows the percent growth by decade projected for each of the draw areas, the counties and the Twin Cities Metro Area.



Age Distribution

Tables 3 through 5 present age distribution trends for the Northfield, Faribault and Owatonna draw areas along with Rice and Steele Counties for the period 2000 to 2022. Data for 2000 and 2010 is compiled from the US Census while the 2017 estimates and 2022 projections were derived from data provided by ESRI, Inc.

Northfield

The table shows that the Northfield Draw Area expanded substantially during the 2000s with the age groups, 55 to 64 and 45 to 54 exhibiting the largest increases over the period, 1,514 (83%) for those ages 55 to 64 and 1,121 (35%) for those ages 45 to 54.

Over the next five years, 2017 to 2022, seniors are projected to experience the greatest growth in the area, with increases of 444 (17%) for people ages 65 to 74 and 362 for people age 75 years or older (17%). People ages 25 to 34 are projected to exhibit the third largest growth, 242 people or 7% over the five-year period. Similar trends are anticipated for Rice County, but the third largest numerical growth is projected for people ages 35 to 44 (400 people) in the county as a whole.

TABLE 3 AGE DISTRIBUTION NORTHFIELD DRAW AREA 2000 - 2022								
Age	Census		Estimate	Projection	Change			
					2000-2010		2017-2022	
	2000	2010	2017	2022	No.	Pct.	No.	Pct.
Draw Area								
Under-20	8,423	9,761	9,677	9,748	1,338	15.9	71	0.7
20 to 24	3,891	4,247	4,377	4,257	356	9.1	-120	-2.7
25 to 34	2,540	3,384	3,504	3,746	844	33.2	242	6.9
35 to 44	3,808	3,846	3,705	3,902	38	1.0	197	5.3
45 to 54	3,228	4,349	4,032	3,711	1,121	34.7	-321	-8.0
55 to 64	1,813	3,327	3,945	3,990	1,514	83.5	45	1.1
65 to 74	1,250	1,854	2,641	3,085	604	48.3	444	16.8
75+	1,366	1,808	2,080	2,442	442	32.4	362	17.4
Total	26,319	32,576	33,961	34,881	6,257	23.8	920	2.7
Rice County								
Under-20	17,474	18,243	17,922	18,158	769	4.4	236	1.3
20 to 24	5,775	6,174	6,293	6,073	399	6.9	-220	-3.5
25 to 34	6,628	7,653	8,057	8,272	1,025	15.5	215	2.7
35 to 44	8,894	8,019	7,822	8,222	-875	-9.8	400	5.1
45 to 54	6,972	9,265	8,543	7,873	2,293	32.9	-670	-7.8
55 to 64	4,447	6,907	8,153	8,374	2,460	55.3	221	2.7
65 to 74	3,201	4,146	5,447	6,269	945	29.5	822	15.1
75+	3,274	3,735	4,252	4,938	461	14.1	686	16.1
Total	56,665	64,142	66,489	68,179	7,477	13.2	1,690	2.5
Sources: U.S. Census Bureau; ESRI; Maxfield Research & Consulting, LLC								

Faribault

The table shows that the Faribault Draw Area experienced the strongest growth those in their middle ages, the cohorts age 45 to 54 and 55 to 64 during the 2000s. These age groups expanded 1,162 (30%) and 1,142 (40%) over the period.

Over the next five years, 2017 to 2022, seniors are projected to experience the greatest growth in the area, with increases of 423 (14%) for people ages 65 to 74 and 338 for people age 75

years or older (15%). People ages 35 to 44 are projected to exhibit the third largest growth, 203 people or 5% over the five-year period. As mentioned previously, similar trends are anticipated for Rice County.

TABLE 4 AGE DISTRIBUTION FARIBAUT DRAW AREA 2000 - 2022								
Age	Census		Estimate	Projection	Change			
					2000-2010		2017-2022	
	2000	2010	2017	2022	No.	Pct.	No.	Pct.
Draw Area								
Under-20	8,927	8,814	8,619	8,794	-113	-1.3	175	2.0
20 to 24	1,879	1,928	1,974	1,886	49	2.6	-88	-4.5
25 to 34	4,083	4,375	4,620	4,616	292	7.2	-4	-0.1
35 to 44	5,036	4,302	4,256	4,459	-734	-14.6	203	4.8
45 to 54	3,818	4,980	4,663	4,337	1,162	30.4	-326	-7.0
55 to 64	2,610	3,750	4,379	4,544	1,140	43.7	165	3.8
65 to 74	1,933	2,342	2,952	3,375	409	21.2	423	14.3
75+	1,948	2,026	2,302	2,640	78	4.0	338	14.7
Total	30,234	32,517	33,765	34,651	2,283	7.6	886	2.6
Rice County								
Under-20	17,474	18,243	17,922	18,158	769	4.4	236	1.3
20 to 24	5,775	6,174	6,293	6,073	399	6.9	-220	-3.5
25 to 34	6,628	7,653	8,057	8,272	1,025	15.5	215	2.7
35 to 44	8,894	8,019	7,822	8,222	-875	-9.8	400	5.1
45 to 54	6,972	9,265	8,543	7,873	2,293	32.9	-670	-7.8
55 to 64	4,447	6,907	8,153	8,374	2,460	55.3	221	2.7
65 to 74	3,201	4,146	5,447	6,269	945	29.5	822	15.1
75+	3,274	3,735	4,252	4,938	461	14.1	686	16.1
Total	56,665	64,142	66,489	68,179	7,477	13.2	1,690	2.5
Sources: U.S. Census Bureau; ESRI; Maxfield Research & Consulting, LLC								

Owatonna

The table shows that the Owatonna Draw Area experienced the strongest growth those in their middle ages, the cohorts age 45 to 54 and 55 to 64 during the 2000s. These age groups expanded 1,404 (58%) and 881 (23%) over the period.

Over the next five years, 2017 to 2022, seniors are projected to experience the greatest growth in the area, with increases of 546 (18%) for people ages 65 to 74 and 273 for people age 75 years or older (11%). People ages 35 to 44 are projected to exhibit the third largest growth, 224 people or 5.5% over the five-year period. These trends are similar for Steele County, which is

projected to show growth of 20% among people 65 to 74 and 11% among people age 75 years or older and 5.6% among people ages 35 to 44.

TABLE 5 AGE DISTRIBUTION OWATONNA DRAW AREA 2000 - 2022								
Age	Census		Estimate	Projection	Change			
					2000-2010		2017-2022	
	2000	2010	2017	2022	No.	Pct.	No.	Pct.
Draw Area								
Under-20	9,118	9,349	9,018	9,168	231	2.5	150	1.7
20 to 24	1,649	1,595	1,844	1,704	-54	-3.3	-140	-7.6
25 to 34	3,882	4,033	4,059	4,008	151	3.9	-51	-1.3
35 to 44	4,842	4,290	4,059	4,283	-552	-11.4	224	5.5
45 to 54	3,947	4,828	4,504	4,108	881	22.3	-396	-8.8
55 to 64	2,442	3,846	4,416	4,471	1,404	57.5	55	1.2
65 to 74	1,882	2,263	2,967	3,513	381	20.2	546	18.4
75+	1,853	2,270	2,394	2,667	417	22.5	273	11.4
Total	29,615	32,474	33,261	33,922	2,859	9.7	661	2.0
Steele County								
Under-20	10,316	10,472	10,062	10,233	156	1.5	171	1.7
20 to 24	1,836	1,774	2,053	1,879	-62	-3.4	-174	-8.5
25 to 34	4,313	4,506	4,528	4,461	193	4.5	-67	-1.5
35 to 44	5,462	4,759	4,507	4,758	-703	-12.9	251	5.6
45 to 54	4,467	5,449	5,064	4,594	982	22.0	-470	-9.3
55 to 64	2,798	4,346	4,995	5,048	1,548	55.3	53	1.1
65 to 74	2,182	2,589	3,369	4,027	407	18.7	658	19.5
75+	2,306	2,681	2,820	3,121	375	16.3	301	10.7
Total	33,680	36,576	37,398	38,121	2,896	8.6	723	1.9
Sources: U.S. Census Bureau; ESRI; Maxfield Research & Consulting, LLC								

Household Incomes

Tables 6 through 8 show household income by age of householder as estimated for 2017 with a projection for 2022. Data is compiled by ESRI Inc. and separated into seven income categories. Also shown is the median household income for each of the draw areas. Housing is considered affordable is a household spends no more than 30% of their income on housing costs. Homeowners are likely to spend somewhat less than this proportion (25% to 28%) while renters, especially those with lower incomes, may be spending more than this percentage and would be considered cost-burdened. Tight rental markets with rising rental rates typically placed the greatest pressure on low and moderate income households who may already be stretching their housing dollars to find and keep a suitable residence.

Northfield

The estimated 2017 median household income is highest in Northfield at \$76,451. Younger households in the Northfield Draw Area are estimated to have relatively high median incomes at \$52,843 for households under age 25 and \$72,439 for households age 25 to 34. This suggests that households in this area who are renting may be able to afford higher priced rental units depending on the proportion of households that are most likely to rent their housing. The median household income is projected to rise to \$83,796 by 2022, an increase of 1.9% per year, equal to the annual inflation rate.

TABLE 6 HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER NORTHFIELD DRAW AREA 2017 & 2022								
	Total	Age of Householder						
		<25	25-34	35-44	45-54	55-64	65 -74	75+
2017								
Less than \$15,000	674	45	74	66	69	122	105	193
\$15,000 to \$24,999	771	46	85	80	69	99	139	253
\$25,000 to \$34,999	639	37	103	79	73	96	94	157
\$35,000 to \$49,999	1,309	65	214	183	199	199	182	267
\$50,000 to \$74,999	2,131	94	363	345	378	375	339	237
\$75,000 to \$99,999	2,071	70	289	395	484	402	302	129
\$100,000 or more	3,793	61	498	773	969	927	433	132
Total	11,389	418	1,626	1,921	2,241	2,220	1,594	1,368
Median Income	\$76,451	\$52,843	\$72,439	\$85,954	\$90,199	\$86,599	\$68,780	\$38,411
2022								
Less than \$15,000	641	42	73	62	54	96	107	207
\$15,000 to \$24,999	692	40	78	58	52	77	127	260
\$25,000 to \$34,999	542	30	86	63	46	69	87	161
\$35,000 to \$49,999	1,095	55	178	136	135	142	168	281
\$50,000 to \$74,999	1,996	88	345	311	292	327	354	280
\$75,000 to \$99,999	2,146	78	312	406	429	393	358	171
\$100,000 or more	4,667	74	658	957	1,030	1,099	630	221
Total	11,778	407	1,729	1,992	2,037	2,202	1,830	1,580
Median Income	\$83,796	\$57,886	\$81,648	\$96,763	\$100,580	\$99,786	\$78,745	\$42,360
Change 2017-2022								
Less than \$15,000	-33	-3	-1	-4	-15	-26	2	14
\$15,000 to \$24,999	-79	-6	-7	-22	-17	-22	-12	7
\$25,000 to \$34,999	-97	-7	-17	-16	-27	-27	-7	4
\$35,000 to \$49,999	-215	-10	-36	-47	-64	-57	-14	14
\$50,000 to \$74,999	-135	-6	-18	-34	-86	-48	15	43
\$75,000 to \$99,999	75	8	23	11	-55	-9	56	42
\$100,000 or more	874	13	160	184	60	171	197	89
Total	389	-11	103	71	-204	-18	236	212
Median Income	\$7,345	\$5,043	\$9,209	\$10,809	\$10,381	\$13,187	\$9,965	\$3,949
Sources: ESRI; US Census Bureau; Maxfield Research & Consulting, LLC								

Faribault

The estimated 2017 median household income in the Faribault Draw Area was \$58,682. Younger households in the Faribault Draw Area are also estimated to have relatively high median household incomes compared to the other age groups. Households under age 25 are estimated to have a household income of \$50,674 while households age 25 to 34 are estimated to have a median household income of \$58,014. The median income is expected to rise to \$66,964 by 2022, an average annual increase of 2.7%, well above the annual inflation rate.

TABLE 7 HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER FARIBAULT DRAW AREA 2017 & 2022								
	Age of Householder							
Total	<25	25-34	35-44	45-54	55-64	65 -74	75+	
2017								
Less than \$15,000	867	56	93	85	84	159	161	229
\$15,000 to \$24,999	946	67	100	100	93	137	159	290
\$25,000 to \$34,999	1,063	79	141	151	126	161	185	220
\$35,000 to \$49,999	2,074	144	323	283	306	352	337	329
\$50,000 to \$74,999	2,729	178	486	470	529	535	352	179
\$75,000 to \$99,999	2,107	123	272	382	497	415	248	170
\$100,000 or more	2,572	61	324	499	673	659	276	80
Total	12,358	708	1,739	1,970	2,308	2,418	1,718	1,497
Median Income	\$58,682	\$50,674	\$58,014	\$67,469	\$75,539	\$66,601	\$50,779	\$35,278
2022								
Less than \$15,000	827	53	92	82	61	131	161	247
\$15,000 to \$24,999	861	62	84	78	64	106	158	309
\$25,000 to \$34,999	912	65	109	129	87	124	178	220
\$35,000 to \$49,999	1,771	122	263	223	221	278	322	342
\$50,000 to \$74,999	2,632	177	455	462	426	507	385	220
\$75,000 to \$99,999	2,348	152	298	422	473	457	318	228
\$100,000 or more	3,385	81	430	660	776	871	419	148
Total	12,736	712	1,731	2,056	2,108	2,474	1,941	1,714
Median Income	\$66,964	\$55,332	\$64,910	\$77,268	\$83,104	\$78,721	\$57,510	\$37,576
Change 2017-2022								
Less than \$15,000	-40	-3	-1	-3	-23	-28	0	18
\$15,000 to \$24,999	-85	-5	-16	-22	-29	-31	-1	19
\$25,000 to \$34,999	-151	-14	-32	-22	-39	-37	-7	0
\$35,000 to \$49,999	-303	-22	-60	-60	-85	-74	-15	13
\$50,000 to \$74,999	-97	-1	-31	-8	-103	-28	33	41
\$75,000 to \$99,999	241	29	26	40	-24	42	70	58
\$100,000 or more	813	20	106	161	103	212	143	68
Total	378	4	-8	86	-200	56	223	217
Median Income	\$8,282	\$4,658	\$6,896	\$9,799	\$7,565	\$12,120	\$6,731	\$2,298

Sources: ESRI; US Census Bureau; Maxfield Research & Consulting, LLC

Owatonna

The estimated 2017 median household income in the Faribault Draw Area was \$58,682. Younger households in the Faribault Draw Area are also estimated to have relatively high median household incomes compared to the other age groups. Households under age 25 are estimated to have a household income of \$50,674 while households age 25 to 34 are estimated to have a median household income of \$58,014. The median income is expected to rise to \$66,964 by 2022, an average annual increase of 2.7%, well above the annual inflation rate.

TABLE 8 HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER OWATONNA DRAW AREA 2017 & 2022								
	Age of Householder							
Total	<25	25-34	35-44	45-54	55-64	65 -74	75+	
2017								
Less than \$15,000	1,076	67	97	108	100	193	184	327
\$15,000 to \$24,999	843	32	88	76	83	111	139	314
\$25,000 to \$34,999	905	52	122	119	108	124	160	220
\$35,000 to \$49,999	1,721	96	265	227	234	296	283	320
\$50,000 to \$74,999	2,935	135	567	499	597	549	381	207
\$75,000 to \$99,999	2,286	55	371	429	605	450	261	115
\$100,000 or more	3,281	32	415	748	791	798	375	122
Total	13,047	469	1,925	2,206	2,518	2,521	1,783	1,625
Median Income	\$64,489	\$47,354	\$64,474	\$78,155	\$79,028	\$74,173	\$56,024	\$32,250
2022								
Less than \$15,000	1,036	64	93	107	71	160	198	343
\$15,000 to \$24,999	759	31	73	56	59	90	135	315
\$25,000 to \$34,999	774	41	95	98	74	94	157	215
\$35,000 to \$49,999	1,448	84	209	179	161	223	272	320
\$50,000 to \$74,999	2,752	132	517	471	476	490	423	243
\$75,000 to \$99,999	2,402	63	386	460	550	457	332	154
\$100,000 or more	4,167	41	519	945	881	1,014	573	194
Total	13,338	456	1,892	2,316	2,272	2,528	2,090	1,784
Median Income	\$73,799	\$50,861	\$72,077	\$86,291	\$86,005	\$84,332	\$64,419	\$35,613
Change 2017-2022								
Less than \$15,000	-40	-3	-4	-1	-29	-33	14	16
\$15,000 to \$24,999	-84	-1	-15	-20	-24	-21	-4	1
\$25,000 to \$34,999	-131	-11	-27	-21	-34	-30	-3	-5
\$35,000 to \$49,999	-273	-12	-56	-48	-73	-73	-11	0
\$50,000 to \$74,999	-183	-3	-50	-28	-121	-59	42	36
\$75,000 to \$99,999	116	8	15	31	-55	7	71	39
\$100,000 or more	886	9	104	197	90	216	198	72
Total	291	-13	-33	110	-246	7	307	159
Median Income	\$9,310	\$3,507	\$7,603	\$8,136	\$6,977	\$10,159	\$8,395	\$3,363
Sources: ESRI; US Census Bureau; Maxfield Research & Consulting, LLC								

Tenure by Age of Householder

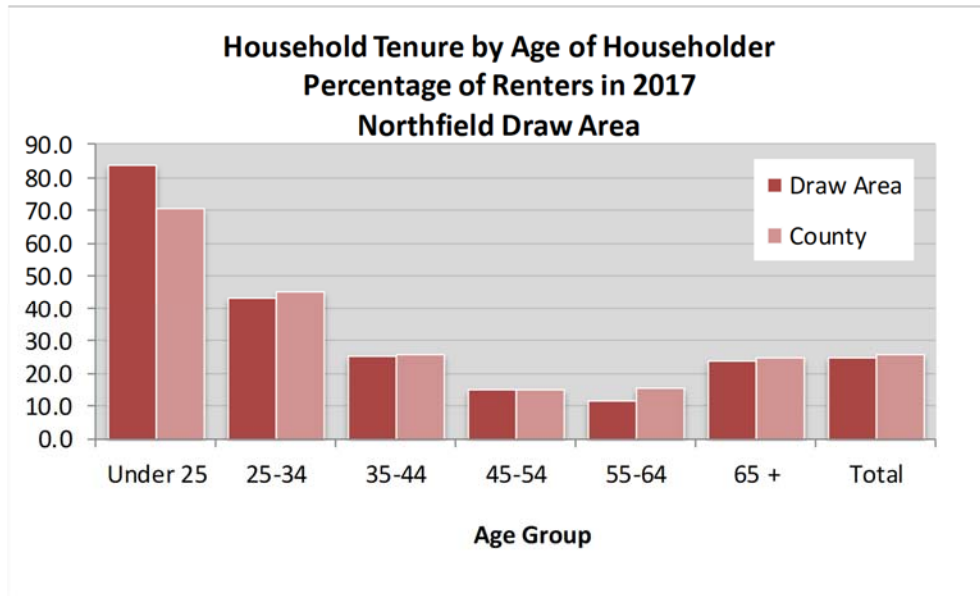
Tables 9 through 11 shows tenure by age of householder for each of the draw areas along with comparison data for Rice and Steele Counties. The data is shown for 2010 and 2017 from the Decennial Census (2010) and from the 5-year American Community Survey estimates.

Northfield

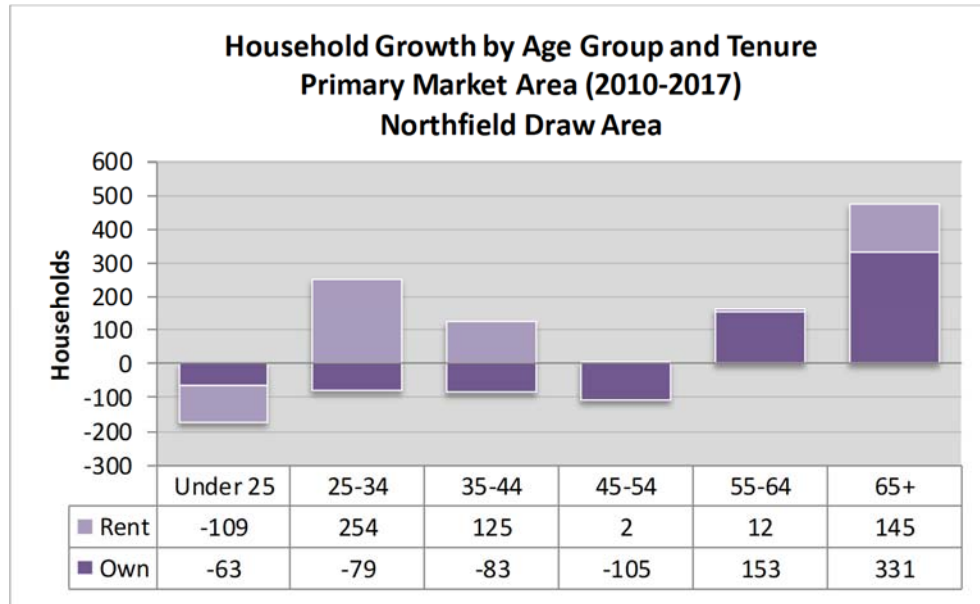
The table shows that the proportion of renter households increased to 24.6% from 22.0% while the proportion of owner households decreased over the same period. In Rice County as a whole, owner and renter households increased numerically but renter households increased more, causing the proportion of owner households to drop slightly. Large proportional increases in renter households for the Draw Area were in the under 45 age groups.

TABLE 9 TENURE BY AGE OF HOUSEHOLDER NORTHFIELD DRAW AREA 2010 & 2017									
Age		Draw Area				Rice County			
		2010		2017		2010		2017	
		No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
Under 25	Own	106	24.1	43	16.0	254	21.6	216	29.3
	Rent	333	75.9	224	84.0	923	78.4	521	70.7
	Total	439	100.0	267	100.0	1,177	100.0	738	100.0
25-34	Own	1,084	67.6	1,005	56.5	2,047	63.6	1,936	54.4
	Rent	520	32.4	774	43.5	1,172	36.4	1,619	45.6
	Total	1,604	100.0	1,779	100.0	3,219	100.0	3,555	100.0
35-44	Own	1,623	80.1	1,540	74.5	3,114	78.2	2,938	74.0
	Rent	403	19.9	528	25.5	867	21.8	1,034	26.0
	Total	2,026	100.0	2,067	100.0	3,981	100.0	3,972	100.0
45-54	Own	2,106	85.6	2,001	84.9	4,151	83.7	4,074	84.9
	Rent	353	14.4	355	15.1	809	16.3	722	15.1
	Total	2,459	100.0	2,356	100.0	4,960	100.0	4,797	100.0
55-64	Own	1,687	87.9	1,840	88.3	3,398	86.2	3,718	84.6
	Rent	233	12.1	245	11.7	546	13.8	679	15.4
	Total	1,920	100.0	2,084	100.0	3,944	100.0	4,397	100.0
65 +	Own	1,823	77.2	2,154	76.0	3,933	78.1	4,420	75.2
	Rent	537	22.8	682	24.0	1,101	21.9	1,460	24.8
	Total	2,360	100.0	2,835	100.0	5,034	100.0	5,879	100.0
TOTAL	Own	8,429	78.0	8,582	75.4	16,897	75.7	17,302	74.1
	Rent	2,379	22.0	2,807	24.6	5,418	24.3	6,036	25.9
	Total	10,808	100.0	11,389	100.0	22,315	100.0	23,338	100.0

Sources: U.S. Census Bureau; Maxfield Research & Consulting, LLC



The graph below shows the numerical increase or decrease in renter and owner households by age group for the Northfield draw area. The largest increases are among households age 25 to 34, 35 to 44 and 65+.

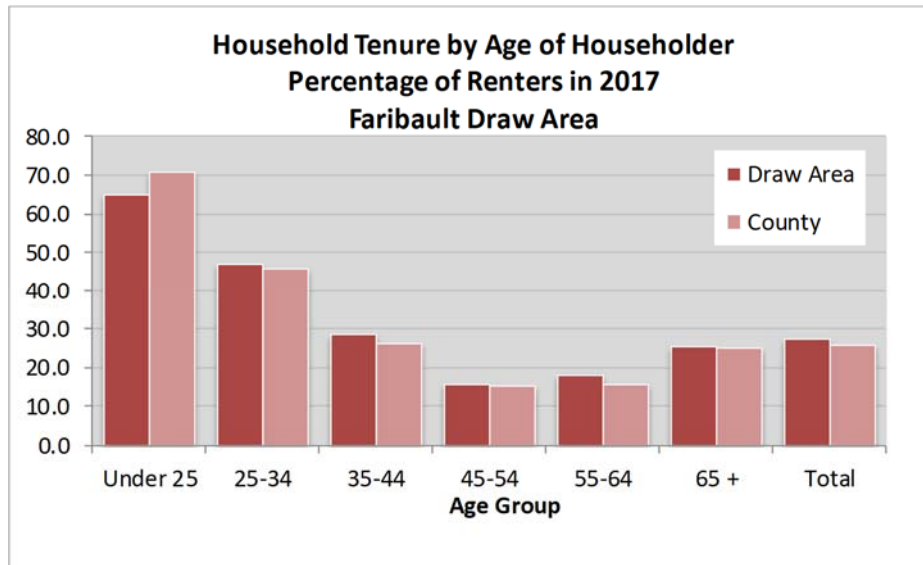


Faribault

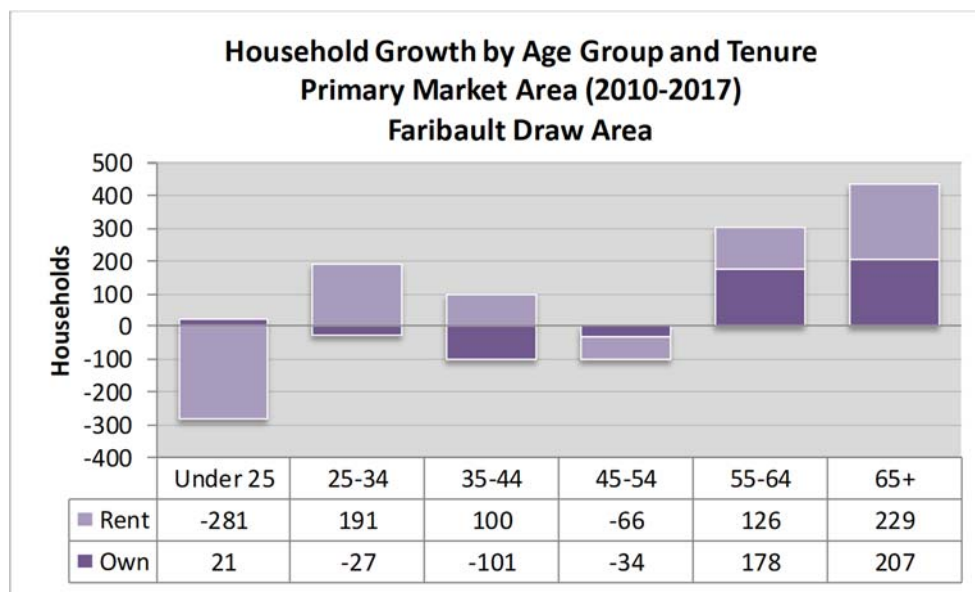
The table shows that the proportion of renter households in the Faribault Draw Area increased to 27.2% from 25.2% while the proportion of owner households decreased over the same period. In Rice County as a whole, owner and renter households increased, but the increase in renter households was much larger, causing the renter household proportion to increase to nearly 26.0% in Rice County. Large proportional increases in renter households in the Faribault Draw Area are shown primarily for the age categories, 25 to 34 and 35 to 44, the prime renter age cohorts. Households under age 25 decreased overall in terms of number, which resulted in a significant decrease in the renter household base.

TABLE 10 TENURE BY AGE OF HOUSEHOLDER FARIBAULT DRAW AREA 2010 & 2017									
Age		Draw Area				Rice County			
		2010		2017		2010		2017	
		No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
Under 25	Own	147	19.8	168	34.9	254	21.6	216	29.3
	Rent	594	80.2	313	65.1	923	78.4	521	70.7
	Total	741	100.0	481	100.0	1,177	100.0	738	100.0
25-34	Own	1,006	60.1	979	53.2	2,047	63.6	1,936	54.4
	Rent	669	39.9	860	46.8	1,172	36.4	1,619	45.6
	Total	1,675	100.0	1,838	100.0	3,219	100.0	3,555	100.0
35-44	Own	1,551	76.6	1,450	71.6	3,114	78.2	2,938	74.0
	Rent	474	23.4	574	28.4	867	21.8	1,034	26.0
	Total	2,025	100.0	2,024	100.0	3,981	100.0	3,972	100.0
45-54	Own	2,090	82.3	2,056	84.3	4,151	83.7	4,074	84.9
	Rent	450	17.7	384	15.7	809	16.3	722	15.1
	Total	2,540	100.0	2,440	100.0	4,960	100.0	4,797	100.0
55-64	Own	1,801	85.3	1,979	81.9	3,398	86.2	3,718	84.6
	Rent	311	14.7	437	18.1	546	13.8	679	15.4
	Total	2,112	100.0	2,416	100.0	3,944	100.0	4,397	100.0
65 +	Own	2,173	79.1	2,380	74.8	3,933	78.1	4,420	75.2
	Rent	573	20.9	802	25.2	1,101	21.9	1,460	24.8
	Total	2,746	100.0	3,181	100.0	5,034	100.0	5,879	100.0
TOTAL	Own	8,768	74.1	9,011	72.8	16,897	75.7	17,302	74.1
	Rent	3,071	25.9	3,369	27.2	5,418	24.3	6,036	25.9
	Total	11,839	100.0	12,380	100.0	22,315	100.0	23,338	100.0

Sources: U.S. Census Bureau; Maxfield Research & Consulting, LLC



The graph below shows the numerical increase or decrease in renter and owner households by age group for the Faribault draw area. The largest increases in renter households are among the age groups 65+ and 25 to 34. The age cohorts 55 to 64 and 35 to 44 however, also showed significant increases in renter households over the period.

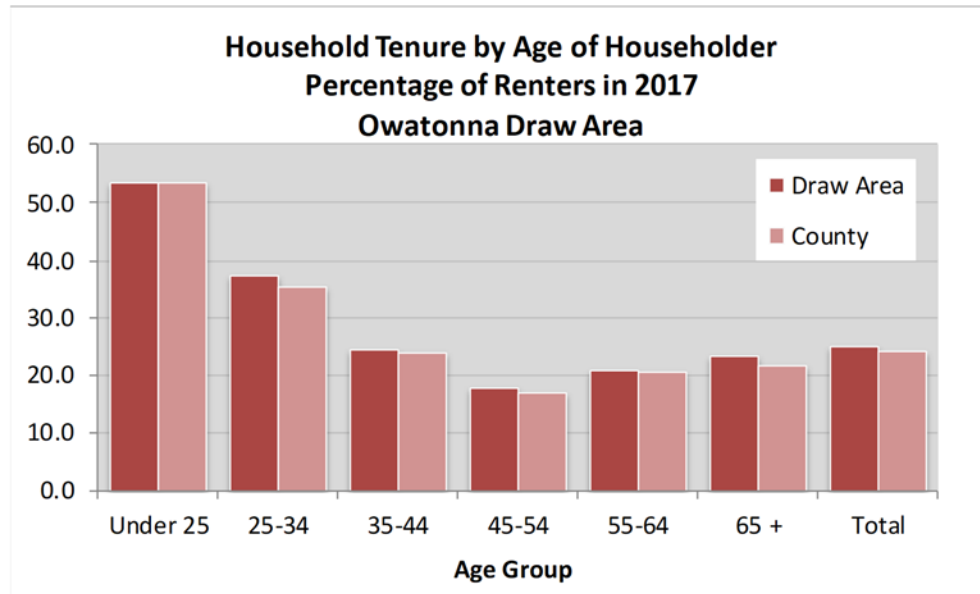


Owatonna

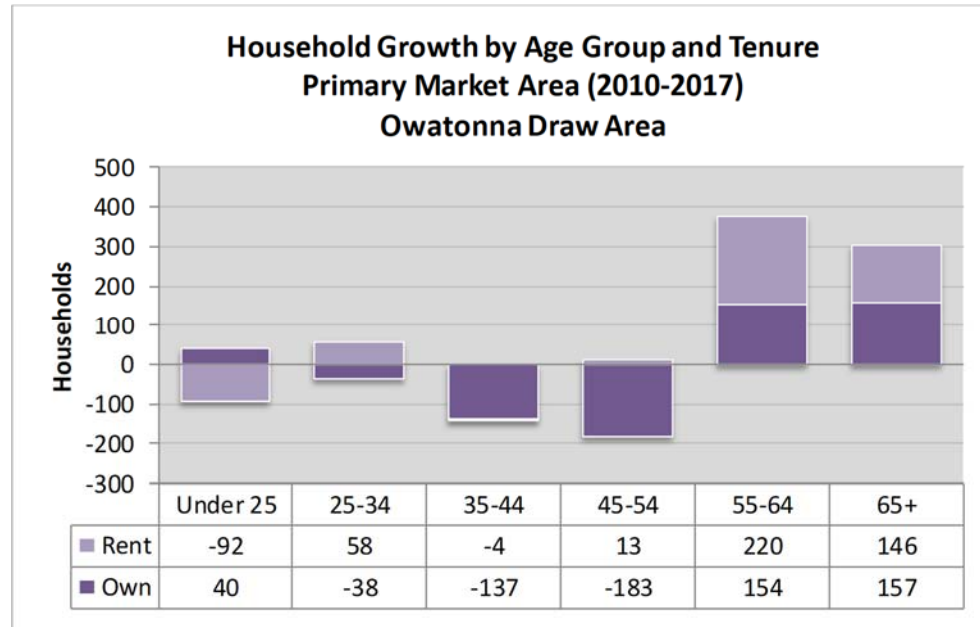
The table shows that the proportion of renter households in the Owatonna Draw Area increased to 24.9% from 22.9% while the proportion of owner households decreased over the same period. In Steele County as a whole, owner households and renter households both increased numerically, but renter households increased by a larger number, causing the proportion of renter households to rise against the owner household base. Large proportional increases in renter households for the Owatonna Draw Area are shown primarily for the age categories, 25 to 34 and 35 to 44, the prime renter age cohorts. Households under age 25 decreased overall in terms of number, which resulted in a significant decrease in the renter household base.

TABLE 11 TENURE BY AGE OF HOUSEHOLDER OWATONNA DRAW AREA 2010 & 2017									
Age		Draw Area				Steele County			
		2010		2017		2010		2017	
		No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
Under 25	Own	162	33.4	202	46.6	179	33.6	232	46.5
	Rent	323	66.6	231	53.4	353	66.4	267	53.5
	Total	485	100.0	433	100.0	532	100.0	499	100.0
25-34	Own	1,265	65.3	1,227	62.7	1,436	66.3	1,427	64.6
	Rent	673	34.7	731	37.3	731	33.7	784	35.4
	Total	1,938	100.0	1,958	100.0	2,167	100.0	2,211	100.0
35-44	Own	1,824	76.9	1,687	75.6	2,030	77.6	1,839	76.3
	Rent	548	23.1	544	24.4	586	22.4	570	23.7
	Total	2,372	100.0	2,232	100.0	2,616	100.0	2,409	100.0
45-54	Own	2,292	84.0	2,109	82.4	2,591	84.3	2,382	83.2
	Rent	437	16.0	450	17.6	481	15.7	480	16.8
	Total	2,729	100.0	2,559	100.0	3,072	100.0	2,861	100.0
55-64	Own	1,920	85.6	2,074	79.3	2,186	86.2	2,341	79.5
	Rent	322	14.4	542	20.7	351	13.8	604	20.5
	Total	2,242	100.0	2,617	100.0	2,537	100.0	2,944	100.0
65 +	Own	2,336	79.5	2,493	76.9	2,713	79.7	2,946	78.4
	Rent	603	20.5	749	23.1	693	20.3	813	21.6
	Total	2,939	100.0	3,242	100.0	3,406	100.0	3,759	100.0
TOTAL	Own	9,799	77.1	9,792	75.1	11,135	77.7	11,167	76.0
	Rent	2,906	22.9	3,248	24.9	3,195	22.3	3,517	24.0
	Total	12,705	100.0	13,040	100.0	14,330	100.0	14,684	100.0

Sources: U.S. Census Bureau; Maxfield Research & Consulting, LLC



The graph below shows the numerical increase or decrease in renter and owner households by age group for the Owatonna Draw Area. The largest increases in renter households are among the age groups 55 to 64 and 65+.



Employment Growth Trends – Rice and Steele Counties

Table 12 below shows growth in employment for Rice and Steele Counties from 2000 through 2nd Quarter 2017 with projections for 2020 and 2025. This information was compiled from the Quarterly Census of Employment and Wages (QCEW) produced by the Department of Labor and published by the Minnesota Department of Employment and Economic Development (MN DEED). Southeast Minnesota, which includes Rice and Steele Counties is projected to be the second fastest growing region in the State.

Table 12 shows that Rice County gained a net four jobs between 2000 and 2010 after losing jobs during the recession. Steele County however, gain jobs over the period, increasing by 1.4% during the 2000s and again by 829 jobs (4.1%) between 2010 and 2017. Similarly, Rice County's job growth surged between 2010 and 2017, increasing by 2,817 jobs or 12.6%. The proportional increase in jobs in Rice County nearly matched that of the Twin Cities Metro Area which experienced a 13.0% increase in jobs during the same period.

Looking forward to 2020 and 2025, projections were calculated based on recent job growth trends for each county and for the Southeast Region as a whole. Projections to 2020 show each county forecast to increase its employment base, Rice County by 6.1% and Steele County by 3.0%. From 2020 to 2025, Rice County is projected to add 2,800 new jobs while Steele County is projected to add 1,110 jobs.

TABLE 12 EMPLOYMENT GROWTH TRENDS AND PROJECTIONS RICE AND STEELE COUNTIES 2000 to 2025						
Annual Employment	Rice County		Steele County		Twin Cities Metro Area	
2000	22,340		19,988		1,600,741	
2005	22,166		20,019		1,593,692	
2010	22,344		20,272		1,537,041	
2017	25,161		21,101		1,737,532	
2020 Forecast	26,700		21,740		1,791,080	
2025 Forecast	29,500		22,850		1,852,065	
Change	No.	Pct.	No.	Pct.	No.	Pct.
2000 - 2010	4	0.0%	284	1.4%	-63,700	-4.0%
2010 - 2017	2,817	12.6%	829	4.1%	200,491	13.0%
2017 - 2020	1,539	6.1%	639	3.0%	53,548	3.1%
2020 - 2025	2,800	10.5%	1,110	5.1%	60,985	3.4%
Sources: MN DEED; Metropolitan Council; Maxfield Research & Consulting, LLC						

Job growth is closely tied to household growth and the need for housing units. A lack of housing can constrain economic development and job growth if workers are not able to find suitable housing. Workers may not be willing to commute significant distances for certain types of jobs or they may prefer to reside closer to their work. If housing is not available in communities where there is a growing employment base, companies may be forced to consider other locations or may relocate to areas that have a larger labor force or more housing to accommodate a growing worker base.



Request for Action

TO: Faribault Economic Development Authority
FROM: Deanna Kuennen, Community & Economic Development Director
MEETING DATE: August 18, 2022
SUBJECT: Economic Development Incentive Fund (EDIF) Recommendation - Project Rock (Resolution 2022-06)

BACKGROUND:

Staff have been working with a local company and their consultants regarding a possible expansion of their facility to accommodate new equipment to automate their manufacturing/production process. The attached Staff Report with attachments outlines the request for an EDA - Economic Development Incentive Fund (EDIF) award. The Staff Report provides details of the project and investment, and an analysis of the EDIF request.

REQUESTED ACTION:

Approve Resolution 2022-06 Approving an Economic Development Incentive in the Form of a Forgivable Loan for Tru Vue, Inc. to Support the Growth and Expansion of a Local Company

ATTACHMENTS:

1. Staff Report - Business Assistance Request - Project Rock
2. Letter of Request - Economic Development Incentive Fund
3. Res 2022-06 Approving EDIF Forgivable Loan - Tru Vue, Inc.
4. 2021 Economic Development Incentive Fund (EDIF) Program Guidelines



Request for Action

TO: Economic Development Authority
FROM: Deanna Kuennen, Community & Econ Dev Director
MEETING DATE: August 18, 2022
SUBJECT: Business Assistance Request –
Project Rock/Tru Vue, Inc.

Background

Staff receives inquiries from a variety of businesses and industries looking to make an investment or move/relocate to the Faribault community. At the EDA's March 2021 meeting, the Economic Development Incentive Fund (EDIF) was established and funded, and the first award was given. The EDIF establishes parameters of incentives to support business growth and investment – targeting Food Processing, Advanced Manufacturing, Warehousing and Distribution, and Avionics. The purpose of the EDIF is to provide flexible incentives to encourage projects that support quality development to the community, furthering the mission of the Faribault EDA.

Over the last number of months, Staff have been working with a local industry and their consultants regarding a possible expansion. As part of the business retention and attraction efforts, an incentive package was proposed, which included EDIF layered with other financial incentive programs. The goal was to establish an incentive package that would be competitive and would help ensure that their expansion and investment to the Faribault economy remains. The following outlines the proposed project, and analyzes the specific EDIF request based on the program criteria focused on advanced manufacturing, utilizing innovative technology that helps solve staffing issues, their sizeable business investment, and projected taxes.

Proposed Project

Project Rock is a local company that is a leader in their industry and have been a contributing manufacturer to the Faribault community for many years. They employ 165 individuals in their Faribault facility and have additional facilities across the Midwest. The purpose of this \$32M, 70,000 SF expansion is to allow for greater efficiency in the manufacturing of their products, by using state of the art technology to automate the manufacturing processes.

Project Rock has been contemplating this expansion for several years and feels that now is the right time for this facility expansion. As labor shortages continue to hamper area employers, Project Rock sees this as an opportunity to upgrade their existing facility by using state of the art automation, while upskilling their employee base to increasing their production efficiencies.

The scope of the project follows:

- 70,000 SF expansion of existing facility
- Earthwork and site improvements
- Electrical work, adding two new services
- Capital equipment investment of approximately \$20m
- Total estimated project cost of \$32m

Request

Project Rock is seeking a \$100,000 Economic Development Incentive Fund forgivable loan to offset the upfront costs of construction and equipment acquisition. This forgivable loan would be bundled with the following incentive package as part of an overall economic development proposal to encourage the local investment and to support the accelerated growth and expansion of an existing Faribault business:

- \$100,000 forgivable EDA loan
- A property tax abatement package – abating only *new* City and County taxes, over a 10-year period based on a step formula that reduces their increased tax obligations upfront, but steps them into the full obligation over the abatement period
- Economic Development Rider / utility rate reduction – through the local electric utility company

The total financial request/proposals will bridge some, not all, of the overall financial gap that will help ensure that Project Rock will be successful in beginning this project and seeing it through to completion.

Analysis

The EDA understands the importance of business retention and expansion, and when evaluating any forgivable loan request, the EDA must consider the EDA's investment very thoughtfully. Based on the criteria for the EDIF program, Project Rock's proposal has been evaluated on:

- Project investment
- Automation that addresses workforce shortages
- Tax-base

<i>Project Rock</i> <i>See attached project spreadsheet for additional details</i>	
<i>Investment</i>	
Facility Expansion	\$8,900,000
Earthwork and Site Improvement	\$1,300,000
Capital Expenditures (equipment)	\$20,000,000
Electrical Upgrades	\$1,300,000
MHE	\$500,000

<i>Estimated NEW Taxes</i>	
Existing property and building	EMV - \$6,036,400 Total Annual Taxes - \$186,196 Annual City Taxes - \$62,004 Annual County Taxes - \$47,193
70,000 SF Expansion (additional \$133,600 calculated taxes)	EMV - \$10,336,400 (increase of \$4.3M) Total Annual Taxes - \$319,796 (+\$133,600) Annual City Taxes - \$106,449 (+\$44,445)
<i>Totals</i>	
Investment	\$32,000,000
Maximum Incentive (1.5% investment)	\$480,000 (1.5% of project investment)
<i>Total Incentive based on formula</i>	\$480,000
<i>Maximum Incentive Recommended based on program guidelines</i>	\$100,000 (maximum award)
<i>ROI based on taxes</i>	Approximately 2.5 years through city taxes on the new investment (new taxes only)

Recommendation

Staff is recommending that the EDA approve an economic development incentive/forgivable loan in the amount of \$100,000 to support the growth and expansion of a local company. The recommendation is based on the level of investment, implementation of automation and technology to retain jobs, increased tax base, and benefit to the community of retaining and supporting the growth of a local company. The funds would come from the EDA EDIF Fund, which has a current balance of \$100,000.

Attachment

- Project Rock – Tru Vue, Inc. – Economic Incentive Request letter
- Resolution 2022-06 Approving an Economic Incentive in the Form of a Forgivable Loan to Support the Growth and Expansion of Project Rock.
- EDIF Program Guidelines



A Subsidiary of Apogee Enterprises, Inc.

August 1, 2022

Attn: Deanna Kuennen, CED Director
208 NW 1st Ave
Faribault, MN 55021

Dear Deanna,

Thank you for your consideration on Project Rock. The company is evaluating a 70,000-square foot expansion to support business growth and incorporate automation into the manufacturing process. The project requires approximately \$9.1M capital investment in building construction and electrical work, \$1.3M in earthwork and site improvements, \$20.0M in machinery and equipment and \$1.6M in contingency. The project would begin construction by end of year with the expected completion in 2024.

Given the significant upfront capital required, Tru-Vue would like to request consideration for the Economic Development Incentive Fund (EDIF) in the amount of \$100,000, structured as a fully forgivable loan, to support the investment and project occurring in Faribault, MN.

Thank you again for your consideration and review. Please do not hesitate to reach out with any questions.

Sincerely,

Jane Boyce
President
Tru Vue, Inc

CONFIDENTIAL

ECONOMIC DEVELOPMENT AUTHORITY OF FARIBAULT

RESOLUTION 2022-06

APPROVING AN ECONOMIC DEVELOPMENT INCENTIVE IN THE FORM OF A FORGIVEABLE LOAN FOR TRU VUE, INC. TO SUPPORT THE GROWTH AND EXPANSION OF A LOCAL COMPANY

WHEREAS, business retention and expansion is a core function of the Economic Development Authority (EDA) of the City of Faribault; and

WHEREAS, business retention and expansion is one of the most fundamental and effective economic development strategies as “80-percent of new jobs and capital investment in any economy are generated by existing firms”, and

WHEREAS, Tru Vue, Inc., an existing company who has had a Faribault presence since the 1980’s has indicated that they desire to expand their existing facility to accommodate new technologies to create efficiencies that will improve overall business operations and support their business growth plans; and

WHEREAS, after a thorough analysis, their preferred option is to add a 70,000 square foot expansion onto their operations at their existing facility located at 2150 Airport Drive, Faribault, MN; and

WHEREAS, this plan would allow Tru Vue, Inc. to streamline operations and accelerate their growth in Faribault; and

WHEREAS, to support this business retention effort, to offset upfront costs associated with the expansion and to encourage private investment, the EDA agrees to provide a \$100,000 forgivable loan; and

WHEREAS, the \$100,000 loan will be forgiven at the end of five (5) years so long as the business remains in operation in Faribault at their current site located at 2150 Airport Drive, and demonstrates an investment of \$10,000,000 in equipment costs; and

WHEREAS, the EDA has reviewed said request and found it to be in compliance with the goals and mission of the EDA through business retention and not subject to the Business Subsidy requirements set forth in state law.

NOW, THEREFORE BE IT RESOLVED, by the Economic Development Authority for the City of Faribault, Minnesota:

Section 1: That a \$100,000 forgivable loan is awarded to Project Rock. for improvements for certain real property in the City of Faribault.

Section 2: That said forgivable loan requires the business to remain operational at the improved real property at 2150 Airport Drive in the City of Faribault for a minimum of five (5) years.

Section 3: That said forgivable loan also requires that the business invest a minimum of \$10,000,000 in equipment costs to support the automation and expansion of the Faribault facility.

Section 4: That no additional economic incentives be requested of the Economic Development Authority during a five (5) year timeframe – to ensure that the community realizes an economic development return on this investment.

Section 3: That the President and the Secretary are hereby authorized to execute on behalf of the EDA all required financial agreements in furtherance of the above approved deferred loan.

ADOPTED: August 18, 2022

Attest

Rodney Gramse, President

AJ Smith, Secretary



FARIBAULT ECONOMIC DEVELOPMENT AUTHORITY ECONOMIC DEVELOPMENT INCENTIVE FUND (EDIF) – POLICY & GUIDELINES

PROGRAM DESCRIPTION

The purpose of the Faribault EDA Economic Development Incentive Fund (EDIF) is to provide flexible incentives to encourage projects that bring quality development and quality jobs to the community, furthering the mission of the Faribault EDA. The Faribault EDA recognizes that sometimes projects require incentives outside of traditional revolving loans in order to move forward. The EDIF is intended to add an additional resource to the EDA's program portfolio – for project that are focused on recruiting and retaining targeted industries. The EDIF will support projects that create or retain jobs in Faribault, include high levels of private investment, *and* have a positive impact on the City's tax base. The EDIF will provide forgivable loans and/or revolving loans as a means to increase and enhance quality economic development activity in the community.

All projects will be evaluated based on their own merit. Maximum award amounts will be determined based on a formula that takes into account specific industries, number of quality jobs created, anticipated level of private investment, total project costs, and increased taxes. The Faribault EDA has the authority to approve, deny, and/or modify any proposed incentive amount. The goal of the EDIF is to supplement traditional programs provided through the Faribault EDA, the City of Faribault, and local economic development partners to cultivate and support business growth and investment.

ECONOMIC DEVELOPMENT INCENTIVE FUND (EDIF)	
The EDA will make \$200,000 available for direct business incentives <i>from the existing Economic Development Revolving Loan Fund (Fund 292)</i>	
Maximum Incentive Award:	\$100,000 – forgivable loan, revolving loan, and/or combination
Targeted Industries:	Advanced Manufacturing, Food Processing, Warehousing & Distribution, Avionics
Formula for Award Determination:	Up to 1.5-percent of total project cost/investment \$2,500 per job created with a minimum wage of \$16/hour plus benefits Return on Investment based on increased city taxes

ELIGIBILITY

To be eligible, a business must be a targeted industry that is currently located in Faribault and is seeking to expand, or is a new business seeking to relocate to the City of Faribault. Eligible businesses must be within the targeted industries of:

- Advanced Manufacturing
- Food Processing
- Warehousing & Distribution
- Avionics

Applicant must also be in compliance with relevant city ordinances and be current on property taxes (if applicable).

DETERMINATION OF AMOUNT OF EDIF AWARD

The amount of the EDIF for business recruitment or retention/expansion will be based on a determination of need for financial incentives. Applicants must demonstrate that EDIF is essential to the project moving forward in Faribault. Staff will conduct an analysis of each project to evaluate the total benefit of the project and the financial gap. Staff will

Approved via EDA Resolution 2021-04

involve other economic development partners and programs as appropriate and applicable to address the overall financial need, and encourage the use of other Faribault EDA programs as part of the review. The amount of the EDIF award recommendation will be based on the following parameters:

1. Total Project Investment

Award will be up to 1.5-percent of estimated project costs/investment to include facility expansion costs, capital expenditures for building, capital expenditures for equipment, costs associated with relocation (moving, recertification, etc.).

2. Job Creation

\$2,500 per job. Jobs must pay a minimum of \$16.00 per hour plus a full benefit package. If the project is a retention project – existing jobs that will be retained will be included in the calculation.

3. Increased Tax Base

Increased tax base will be used to determine the Return on Investment (ROI). Increase in city taxes will be used to calculate how long it would take to “pay back” the EDA’s investment into the project. The ROI should be 5 years or less.

The Faribault EDA may also take additional factors into consideration when determining the final EDIF award, such as fiscal and economic impact of the project, available funding, the threat of losing quality jobs, the level of new investment proposed, how the project enhances the current industry mix, wages greater than \$16 per hour, involvement of other economic development agencies and partners, and any other factors deemed appropriate. Each project will be evaluated on its own merit.

INTENDED USE OF EDIF

Projects must demonstrate that EDIF assistance is essential to the project moving forward in Faribault. EDIF awards may be used to offset overall project costs, which may include the following:

- Real and personal property acquisition and site development
- Company relocation expenses for moving operations to Faribault, MN
- Facility construction and/or real property improvements
- Equipment

APPLICATION PROCESS

Applicants must meet with Staff prior to completing and submitting an application with supporting documentation. Applications will be received on a year-round basis *while funding is available*. The application process will include the following steps:

1. Meet with Staff to review project.

Projects requesting EDIF will have been working with Staff prior to applying for funds. Staff and the applicant/business will have reviewed all available programs available through the city/EDA and programs available through economic development partners. The EDIF is intended to supplement other economic development programs and incentives – and should not be considered a sole-funding source.

2. Fill out application and include supporting documentation.

All of the following must be Included with the application – Project Narrative that describes why the EDIF assistance is essential, project scope, cost/investment information, proposed timeline, summary of all financial incentives.

Completed Application with supporting documentation (and any additional document as requested) must be returned to:

City of Faribault
Attn: Community and Economic Development Director
208 1st Ave NW Faribault, MN 55021

Email: dkuennen@ci.faribault.mn.us

3. Staff will screen all submitted applications for eligibility and conduct an analysis to determine the total maximum EDIF award that the project would qualify for. The analysis and recommendation will be forwarded to the EDA for consideration at their next regularly scheduled meeting.
4. The EDA will consider EDIF requests on an ongoing basis.
The applicant is required to attend the meeting to present the project, discuss project benefits, and address need for funding. The EDA has the authority to approve, deny, and/or modify any EDIF requests and recommendations. All awards will be authorized via an approving resolution.
5. If an award is approved, the applicant will be required to enter into a Repayment Agreement.
The Repayment Agreement will identify the conditions of the award (job creation, investment, etc.). A Repayment Agreement and a Promissory Note will be executed and recorded. Once executed and recorded, funds will be dispersed.
6. All EDIF awards will be due and payable if the terms of the Repayment Agreement are not met.
7. Applicants/businesses may only apply for EDIF once.

QUESTIONS AND REQUESTS FOR FURTHER INFORMATION

Please direct all EDIF questions to:

Deanna Kuennen, Community & Economic Development Director
507.333.0376
dkuennen@ci.faribault.mn.us



Request for Action

TO: Faribault Economic Development Authority
FROM: Stephanie Aman, Economic Development Coordinator
MEETING DATE: August 18, 2022
SUBJECT: Downtown Commercial Rehabilitation Loan - T. Nelson - 230 Central (Resolution 2022-05)

BACKGROUND:

Owner, Todd Nelson is requesting funding through the Downtown Commercial Rehabilitation Loan Program for his building, located at 230 Central Ave. The building sustained damage when a car struck the front of the building. The owner is taking the opportunity to improve the entire facade; the driver of the vehicle was not insured but the owner has disclosed a cash amount that will be given to them towards the repair and staff has factored this into the request for funding. The owner plans to remove the awning on the building, and improve the total appearance of the store front to match the neighboring buildings.

Of the two bids received, the lower bid is \$27,715, and factoring in the amount received from the uninsured motorist, the requested Downtown Commercial Rehabilitation Loan is \$13,507.50. The EDA has committed to improvements in the downtown, and has funds remaining in the Downtown Commercial Rehabilitation Loan Program.

REQUESTED ACTION:

The EDA is asked to consider approval of resolution 2022-05.

ATTACHMENTS:

1. Res 2022-05 Downtown Ext Rehab - 230 Central Ave (2)
2. Application - Commercial Rehab Loan - 230 Central - T.Nelson

ECONOMIC DEVELOPMENT AUTHORITY OF FARIBAULT

Resolution 2022-05

APPROVING DOWNTOWN COMMERCIAL REHABILITATION & EXTERIOR IMPROVEMENT PROGRAM AWARD FOR 230 Central Ave PID 18.311.26.335

WHEREAS, the City of Faribault is proud of its historic downtown and the community as a whole identified downtown as a priority through the Vision 2040 efforts; and

WHEREAS, Community Vision 2040 provides a framework to help ensure success of the community; and

WHEREAS, “a vibrant downtown” is one of the strategic priorities identified in the vision – with the specific goal of enhancing the appearance of downtown buildings and the streetscape; and

WHEREAS, the Economic Development Authority of the City of Faribault, Minnesota (EDA), earmarked \$200,000 from the 2020 Approved Program Budget, and there are funds remaining and available, to be dedicated to a program focused on downtown commercial building rehabilitation and exterior building improvements via Resolution 2020-08; and

WHEREAS, the EDA has received a request from Todd Nelson for program funds to assist in eligible exterior improvements at 230 Central Ave, Unit 105; and

WHEREAS, the EDA has reviewed said request and found it to be consistent with the goals and objectives of the Downtown Commercial Rehabilitation & Exterior Improvement Program and not subject to the Business Subsidy requirements set forth in state law.

NOW, THEREFORE, BE IT RESOLVED, by the Economic Development Authority for the City of Faribault, Minnesota:

- Section 1: That a \$13,507.50 deferred loan is awarded to Todd Nelson for improvements at 230 Central Ave, Unit 105 in accordance with the terms and conditions set forth by the EDA for this program.
- Section 2: That said award is contingent upon review and approval of the project by the Heritage Preservation Commission, if applicable.
- Section 3: That the President and the Secretary are hereby authorized to execute on behalf of the EDA all required financial agreements in furtherance of the above approved project.

ADOPTED: July 21, 2022

ATTEST:

Rodney Gramse, President

AJ Smith, Secretary

Downtown Commercial Rehabilitation & Exterior Improvement Program – Application

Prior to submitting an application – applicants are encouraged to meet with Community & Economic Development Staff to review the program guidelines and proposed project.

Please contact the Economic Development Coordinator at:
507.333.0388 or saman@ci.faribault.mn.us

Application Information

Applications must be submitted by the property owner(s) of the building.

Name(s) of Property Owner/Applicant		
T. Nelson Properties LLC		
Telephone Number:		
Email Address:		
Mailing Address:		
City:	State:	Zip:
Faribault	MN.	55021

Property Information	
<i>This Program is open to all commercial properties within the Central Business District and commercial addresses immediately adjacent the District – as shown on the attached map.</i>	
Address(es) of Eligible Property:	230 Central Ave UNIT 105
Parcel ID (PID):	1831126335
Original Year of Construction:	1859
Business/Occupant(s):	vacant
Has this property previously received public financing?	☒ Yes ☐ No
Has the applicant defaulted on any public financing in the last two years?	☐ Yes ☒ No
Are there any liens or judgements on the property?	☐ Yes ☒ No
Are the property taxes paid/current?	☒ Yes ☐ No

Eligible expenses are limited to:

- Permanent exterior improvements*
- Permanent façade improvements*
- Permanent interior improvements*

\$ 27,715.⁰⁰

50%

Install new front glass large window. It was hit by a vehicle on April 24, 2022. Instead of just replacing the single pane of glass, I would like to improve the appearance of this store front, so it will match the neighbors to the west. Remove 230 Central Ave. Awning. No replacement, just removal and clean-up.

Identify how the improvement is going to positively impact the Commercial Business District. Examples: Cleaning up façade disrepair; Preserving the building's structural integrity; Creating a positive visual impact to the Downtown, Code compliance work.

Clean up store fronts. Curb appeal.
Awning is falling apart and looks unsightly.
Need to match other store fronts.

Data Practices Act

The information that you supply in your application to the City of Faribault/Faribault EDA ("City") will be used to assess you eligibility for financial assistance. The City will not be able to process your application without this information. The Minnesota Government Data Practices Act (Minnesota Statutes, Chapter 13) governs whether the information that you are providing to the City is public or private. If financial assistance is provided for the project, the information submitted in connection with your application will become public, except for those items protected under Minnesota Statutes, Section 13.59, Subdivision 3(b) or Section 13.591, Subdivision 2.

I/We have read the above statement and agree to supply the information to the City with full knowledge of the matters contained in this notice. I/We certify that the information submitted in conjunction with the application is true and accurate.

Todd Nelson
Property Owner/Applicant

6-3-22
Date

Co-Property Owner/Applicant

Date

City Staff or other authorized representative of the City shall have the right to inspect the property to be improved at any time from the date of application upon giving notice to the owner and to occupants.

I/We certify that all statements on this application are true and correct to the best of my/our knowledge. I/We understand that any intentional misstatements will be grounds for disqualification.

I/We have read the City of Faribault's Downtown Commercial Rehabilitation and Exterior Improvement Program Policy and will abide by the rules and regulations set forth in the policy adopted on May, 21, 2020.

I/We authorize program representatives the right to access the property to be improved for the purposes of the deferred loan program and to take photographs of the structure before and after rehabilitation.

I/We understand that I/we are responsible for obtaining appropriate building permits and Certificate of Appropriateness. In the case of improvements that do not require a city-issued building permit, the applicant must submit the name and state license number of the contractor completing the work and agree to an inspection of the work by a city building official.

I/We further understand that I/we will make the final selection of the improvements to be made with the loan funds and that the contract for improvements will be solely between me and the contractor(s). The administering agency will not be liable for the inadequate performance of the contractor(s).

Todd Nelson
Property Owner/Applicant

6-3-22
Date

Co-Property Owner/Applicant

Date

Acknowledgements	
Please initial each to confirm that you have read and understand the program policy and guidelines.	
TA	I/We understand that awards are based on eligibility, availability, and completeness of application – approval is at the sole discretion of the EDA.
TA	I/We understand that I/We can only receive one award at a time (only one project – building/PID at a time).
TA	I/We understand that I/we have one year from the date of the loan award to complete the project and request payment of loan funds.
TA	I/We understand that the loan award funds will be dispersed upon receipt of paid invoices for the project and proof of payment at the end of the project.
TA	I/We are the owner of the commercial property to be improved.
TA	I/We are current with mortgage, real estate taxes, and insurance payments.
TA	I/We understand that if we have defaulted on a publically funded program or have been delinquent on loan payments for a publically funded program within the last two years, I/we are not eligible for this program.
TA	I/We understand that the building must be free of all lien and judgments.
TA	I/We understand that if the building is located within the HPC district – the project must receive approval by the Heritage Preservation Commission prior to the start of work.
TA	I/We understand that an inspection of the property will be conducted to determine that the proposed improvements are necessary for the building to conform to current code and property maintenance ordinances.
TA	I/We understand that I/we will be required to sign loan documents upon award, including a Promissory Note and Repayment Agreement.
TA	I/We understand that the loan will be forgiven if I/we maintain ownership of the building for three (3) years.
TA	I/We understand that if I/we sell the building or otherwise transfer all ownership interest within three (3) years – the loan must be repaid in its entirety.

Todd Adson owner 6-3-22
 Property Owner/Applicant Title Date

 Co-Property Owner/Applicant Title Date

ESTIMATE

Complete Construction Estimate 36422

6/3/2022

1052 s Victory Drive
Mankato, MN. 56001
507-330-8355

Estimate

T.Nelson Properties LLC.



230 CENTRAL AVE SUITE 105

QUANTITY	DESCRIPTION	UNIT PRICE	LINE TOTAL
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	Remove the existing awning 101	\$3,360	\$3,360
	Remove the existing store front	\$5,385	\$5,385
	Cost of new store front glazing	\$12,543	\$12,543
	Finish below glazing	\$8,680	\$8,680

Total	\$29,968
-------	----------

Description of work

Removal of awning suite 101,102 , labor and dumpster

Removal of store front suite 105 ,includes labor and dumpster

Installation of new glass store front, and fill in the lower with steel studs to match existing

Dynamic Electric LLC.
2800 1st ave nw
faribault, MN 55021 US
(507) 291-0585
dynamicelectric@qwestoffice.net

Estimate

ADDRESS

T. Nelson Properties LLC.

ESTIMATE # 1014

DATE 06/03/2022

Estimate # 1014

SERVICE	DESCRIPTION	QTY	RATE	AMOUNT
Sales	remove awning in front of suite 101,102	1	3,000.00	3,000.00
Sales	remove existing store front suite 105	1	5,000.00	5,000.00
Sales	the cost of new store front from polzin glass	1	11,465.00	11,465.00
Sales	fill in below window and repair side walls, install finish to match existing	1	8,250.00	8,250.00

remove existing awning unit 101,102 repair masonry,
remove existing store front unit 105 and replace with new entry to
match the building to the west

TOTAL

\$27,715.00

Accepted By

Accepted Date



EVIDENCE OF PROPERTY INSURANCE

DATE (MM/DD/YYYY)

6/10/2022

THIS EVIDENCE OF PROPERTY INSURANCE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE ADDITIONAL INTEREST NAMED BELOW. THIS EVIDENCE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS EVIDENCE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE ADDITIONAL INTEREST.

AGENCY North Risk Partners 622 Roosevelt Road Suite 240 St Cloud MN 56301-6363		PHONE (A/C, No, Ext): (320) 253-1122		COMPANY Benchmark Insurance Co Benchmark Ins Co NAIC #41394 100 Lake Street W Wayzata MN 55391	
FAX (A/C, No): (855) 927-6655		E-MAIL ADDRESS: joe.larose@northriskpartners.com			
CODE: 00252774		SUB CODE:			
AGENCY CUSTOMER ID #:					
INSURED T. Nelson Properties LLC MN 55021		LOAN NUMBER		POLICY NUMBER GRB CP5010028 01	
		EFFECTIVE DATE 1/3/2022		EXPIRATION DATE 1/3/2023	
				☒ CONTINUED UNTIL TERMINATED IF CHECKED	
THIS REPLACES PRIOR EVIDENCE DATED:					

PROPERTY INFORMATION

LOCATION/DESCRIPTION
Loc# 00015/Bldg# 00001
230 Central Ave N
Faribault, MN 55021

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS EVIDENCE OF PROPERTY INSURANCE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

COVERAGE INFORMATION

COVERAGE / PERILS / FORMS	AMOUNT OF INSURANCE	DEDUCTIBLE
Building, Agreed Value, Special form	1,685,400	2,500

REMARKS (Including Special Conditions)

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

ADDITIONAL INTEREST

NAME AND ADDRESS For Information Only	MORTGAGEE	ADDITIONAL INSURED
	LOSS PAYEE	
	LOAN #	
	AUTHORIZED REPRESENTATIVE Joe LaRose/APOS LT 	



Summary

Parcel ID 18.31.1.26.335
Property Address 230 CENTRAL AVE Unit 201 (Primary Address)
 230 CENTRAL AVE Unit 101
 230 CENTRAL AVE Unit 102
 230 CENTRAL AVE Unit 103
 230 CENTRAL AVE Unit 104
 230 CENTRAL AVE Unit 105
 FARIBAULT, MN 55021
Sec/Twp/Rng
Brief Lot 5 Block 57 of ORIGINAL TOWN FARIBAULT
Tax Description ORIG TOWN E127FT N2/3 L5 B57
 (Note: Not to be used on legal documents)
Area N/A
Use Code 3A-Commercial/Industrial/Public Utility; 4A-Rental/Residential Non-Homestead 4
 or More Unit
Tax Authority Group FARIBO-SD656-HSP-HRA-EDA



Owners

Primary Owner T Nelson Properties LLC 3940 Wells Lake Way Faribault MN 55021	Alternate Taxpayer	Fee Owner
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Land

Lot Area 0.13 Acres ; 5,588 SF

Commercial Buildings

Type	Base Area	Year Built
Store - Retail Small	4869	1900
Store - Retail Small	1089	1900

Sales

Date	Seller	Buyer	Recording	eCRV	Sale Condition - NUTC	Type	Multi Parcel	Amount
10/1/2019	MASONIC HALL BUILDING ASSOCIATION	T NELSON PROPERTIES LLC	720110	1018573	NORMAL ARMS-LENGTH TRANSACTION GOOD SALE	Deed		\$175,000.00

Permits

Permit #	Date	Description	Amount
21.0222	04/15/2021	Rehab	90,000
20.0750	07/29/2020	Rehab	500,000
14.0621	07/29/2014	Commercial Remo	2,000

Valuation

	Payable 2023 Values	Payable 2022 Values	Payable 2021 Values	Payable 2020 Values	Payable 2019 Values
EMV Improvement	\$310,400	\$312,200	\$223,900	\$219,200	\$132,100
EMV Land	\$47,600	\$33,500	\$33,500	\$33,500	\$33,500
EMV Machine	\$0	\$0	\$0	\$0	\$0
EMV (Estimated Market Value) Total	\$358,000	\$345,700	\$257,400	\$252,700	\$165,600
Green Acres Value	\$0	\$0	\$0	\$0	\$0
Homestead Exclusion	\$0	\$0	\$0	\$0	\$0

Taxation

	2022 Payable	2021 Payable	2020 Payable	2019 Payable
Estimated Market Value	\$345,700	\$257,400	\$252,700	\$165,600
Taxable Market Value	\$345,700	\$257,400	\$252,700	\$165,600
Net Tax Amount	\$6,052.00	\$6,420.00	\$5,239.05	\$3,174.00
+ Special Assessments	\$240.00	\$240.00	\$386.95	\$160.00
= Total Taxes Due	\$6,292.00	\$6,660.00	\$5,626.00	\$3,334.00
+ Penalty	\$0.00	\$0.00	\$0.00	\$0.00
+ Interest	\$0.00	\$0.00	\$0.00	\$0.00
+ Fees	\$0.00	\$0.00	\$0.00	\$0.00
- Amount Paid	\$3,146.00	\$6,660.00	\$5,626.00	\$3,334.00
= Outstanding Balance	\$3,146.00	\$0.00	\$0.00	\$0.00

Tax Payment

2022

Full Amount

3,146.00

Pay full amount by:

Credit Card

E-Check

Partial Installment

(enter amount on next page)

Pay partial installment by:

Credit Card

E-Check

Taxes Paid

Please note that it may take up to three days from the date of payment for tax payments to be posted.

Tax Year	Receipt	Payment Date	Tax Amount	Special Assessment	Penalty	Interest	Fees	Total Payment
2022	U22.9284	5/16/2022	(\$3,026.00)	(\$120.00)	\$0.00	\$0.00	\$0.00	(\$3,146.00)
2021	U21.17740	10/11/2021	(\$3,210.00)	(\$120.00)	\$0.00	\$0.00	\$0.00	(\$3,330.00)
2021	U21.8688	5/13/2021	(\$3,210.00)	(\$120.00)	\$0.00	\$0.00	\$0.00	(\$3,330.00)
2020	U20.18874	10/15/2020	(\$2,619.52)	(\$193.48)	\$0.00	\$0.00	\$0.00	(\$2,813.00)
2020	U20.8006	5/12/2020	(\$2,619.53)	(\$193.47)	\$0.00	\$0.00	\$0.00	(\$2,813.00)
2019	U19.15287	10/2/2019	(\$1,587.00)	(\$80.00)	\$0.00	\$0.00	\$0.00	(\$1,667.00)
2019	U19.10145	5/15/2019	(\$1,587.00)	(\$80.00)	\$0.00	\$0.00	\$0.00	(\$1,667.00)
2018	U18.22888	12/14/2018	(\$1,483.74)	(\$462.26)	(\$175.14)	\$0.00	\$0.00	(\$2,121.14)
2018	U18.12613	6/8/2018	(\$1,483.73)	(\$462.27)	(\$155.68)	\$0.00	\$0.00	(\$2,101.68)
2017	U17.22839	12/28/2017	(\$3,922.20)	(\$967.80)	(\$586.80)	\$0.00	\$0.00	(\$5,476.80)
2016	U17.22839	12/28/2017	(\$2,339.80)	(\$589.23)	\$0.00	(\$268.50)	\$0.00	(\$3,197.53)
2016	U17.43	1/5/2017	(\$1,675.12)	(\$421.85)	(\$703.64)	(\$48.08)	(\$40.00)	(\$2,888.69)

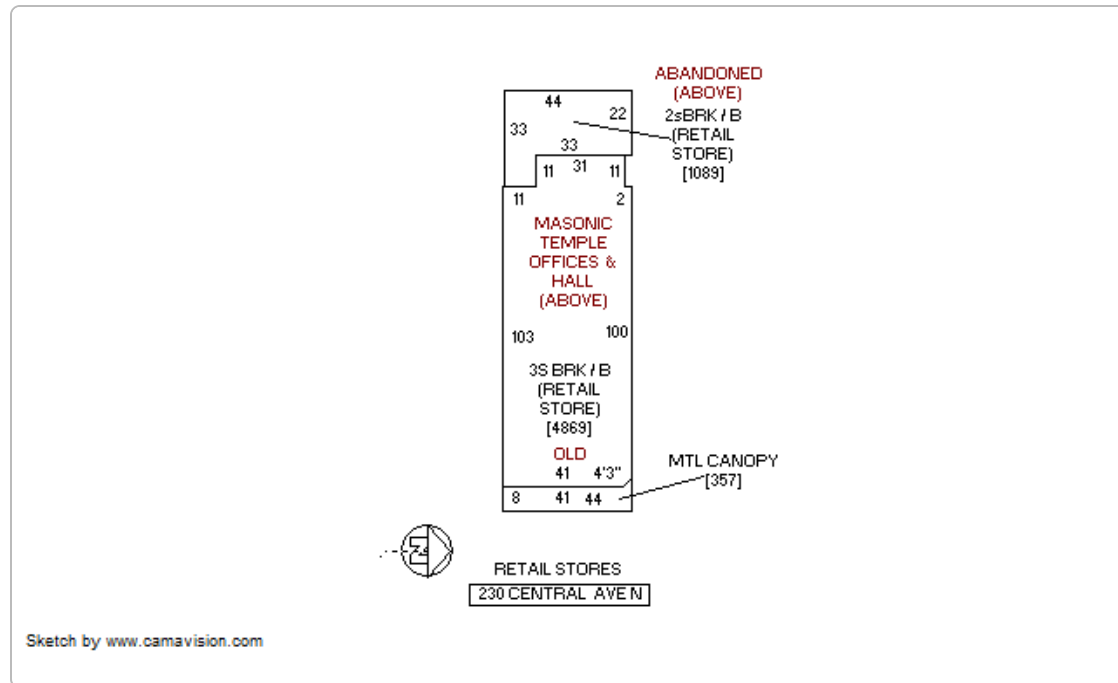
Unpaid Taxes

	2022 Payable
+ Net Tax Amount	\$6,052.00
+ Special Assessments	\$240.00
= Total Taxes Due	\$6,292.00
+ Penalty	\$0.00
+ Interest	\$0.00
+ Fees	\$0.00
- Amount Paid	\$3,146.00
= Outstanding Balance	\$3,146.00

Photos



<https://beacon.schneidercorp.com/Application.aspx?AppID=74&LayerID=590&PageTypeID=4&PageID=504&Q=399638988&KeyValue=1831126335>



TriMin LandShark



[Click here to search for Parcel in TriMin LandShark](#)

Tax Statements

[Click here to show a list of available documents](#)

Plats

[Click here to show a list of available documents](#)

No data available for the following modules: Condominiums, Mobile Home on Leased Land, Cell Towers, Cooperative, Divided Interest, Leased Land, Apartments, Billboards, Agricultural Land, Residential Dwellings, Agricultural Buildings, Yard Extras.

Information is believed reliable, but its accuracy cannot be guaranteed.

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Developed by



Version 2.3.200



Request for Action

TO: Faribault Economic Development Authority
FROM: Deanna Kuennen, Community & Economic Development Director
MEETING DATE: August 18, 2022
SUBJECT: Approve Preliminary Development Agreement for Demolition of Buildings within the Rice County Law Enforcement Center Block

BACKGROUND:

Rice County hired Wold Architects and Engineers to study redevelopment opportunities for the County-owned parcels around the Law Enforcement Center. The block included in the study is bounded by 2nd Avenue NW, 4th Street NW, 1st Avenue NW, and 3rd Street NW as shown below:



As part of this analysis, the Rice County Commissioners identified the block as a "gateway" into Downtown Faribault, and held conversations

with the City Council regarding the future use of the block. While not everyone agreed on the future redevelopment, collectively the County Board and the City Council discussed actions to position the block for redevelopment prior to any possible demolition. Steps included hiring LHB, Inc. to inspect the buildings located on the block to determine if they meet the definition of "substandard" as defined by Minnesota State Statutes, Section 469.174, subd. 10. LHB, Inc., preparing a TIF Letter of Findings in case the building parcels may potentially be part of a future Redevelopment TIF District, and the Council passing a resolution identifying that the parcels are occupied by structurally substandard buildings. These actions started a three-year clock in which, if the City chooses to do so, it can establish a Redevelopment TIF district to support redevelopment activities on this block. Documentation associated with these actions is attached.

Rice County is now preparing for demolition of the buildings, to take place later this summer. Prior to the demolition occurring, and to adhere to the state statutes that govern TIF districts, Rice County must enter into a Preliminary Development Agreement for Demolition with the EDA. The Preliminary Development Agreement for Demolition establishes that the County/Developer is responsible for all costs (and risks) associated with the demolition, and that the demolition is allowed in advance of the TIF district establishment. The attached Preliminary Development Agreement establishing the expectations and responsibilities of the demolition, a timeline for the demolition, and the commitment to evaluate and negotiate in good faith the redevelopment request for public financial assistance in the future.

REQUESTED ACTION:

Approve Preliminary Development Agreement for the Demolition of Buildings within the Rice County Law Enforcement Center Block

ATTACHMENTS:

1. DRAFT Preliminary Development Agreement for Demolition - Rice County Law Enforcement Center Block
2. 2022-037 - Finding Parcels Occupied by Structurally Substandard Buildings - North Block Development Study _ Rice County Law Enforcement Center Block.p
3. Faribault Courthouse Block Redevelopment Letter of Finding - LHB 12-2021

PRELIMINARY DEVELOPMENT AGREEMENT

THIS PRELIMINARY DEVELOPMENT AGREEMENT (this “Agreement”), dated this _____ of August, 2022, by and between the Economic Development Authority of Faribault, a public body corporate and politic under the laws of Minnesota (the “EDA”) and Rice County, a Minnesota municipal corporation, or its successors or assigns (the “Developer”):

WITNESSETH

WHEREAS, the EDA desires to promote redevelopment of property located in the City of Faribault as depicted in Exhibit A (the “Property”) including the following parcels

PID 18.31.1.26.266 (129 4th Street NW)
PID 18.31.1.26.265 (125 4th Street NW)
PID 18.31.1.26.267 (125 4th Street NW)
PID 18.31.1.26.264 (119 4th Street NW)
PID 18.31.1.26.261 (101 4th Street NW)
PID 18.31.1.26.267 (316 1st Avenue NW)
PID 18.31.1.26.271 (310 1st Avenue NW)
PID 18.31.1.26.270 (308 1st Avenue NW);

; and

WHEREAS, the Developer owns the Property and intends to demolish certain buildings located on the Property; and

WHEREAS, pursuant to an analysis performed by LHB dated December 30, 2021, the buildings to be demolished are structurally substandard; and

WHEREAS, by resolution adopted by the City Council on April 26, 2022 (Resolution 2022-037), and in reliance on the analyses of LHB, the City has found certain buildings located on the Property that are planned to be demolished to be structurally substandard within the meaning of Minnesota Statutes, Section 469.174, subd. 10a; and

WHEREAS, the EDA and the Developer have determined that is in the best interest of the parties to demolish the buildings, all as further described in this Agreement;

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and obligations set forth herein, the parties agree as follows:

1. During the term of this Agreement, the Developer (or its successors and assigns) shall:

(a) At no cost to the EDA, cause the certain buildings on the Property to be demolished and all demolition debris to be removed from the Property as soon as reasonably

practicable after the date of this Agreement. The parties agree that such demolition shall occur no later than December 31, 2022.

(b) Maintain the Property in compliance with City ordinances.

(c) If the Developer determines not to undertake redevelopment of the Property directly, it will use its best efforts to seek a successor entity that will proceed with such redevelopment.

(d) Negotiate in good faith with the EDA regarding any proposed redevelopment of the Property, including any possible public financial assistance related thereof, all with the goal of entering into a contract for private redevelopment (the "Contract").

2. During the term of this Agreement, the EDA agrees to:

(a) Cooperate with any proposed successor to the Developer as the Developer under this Agreement, including any possible public financial assistance related thereto, all with the goal of entering into the Contract.

(b) Cooperate with the Developer or its successor in evaluating any redevelopment proposal submitted by the Developer, including whether any public financial assistance is warranted in connection with that effort.

(c) Proceed to seek all necessary information with regard to the anticipated public costs associated with any proposed redevelopment.

(d) If the EDA determines that tax increment assistance is reasonably necessary in order to induce the proposed redevelopment of the Property, with the Developer's assistance, begin the process to create a redevelopment tax increment financing district encompassing the Property, including the preparation of a tax increment financing plan, pursuant to Minnesota Statutes, Sections 469.174 through 469.1794, as amended (the "TIF Act"); provided that parties agree and understand that the EDA must file a request for certification of such a tax increment financing district within three years after the date of demolition of the building on the Property, unless Section 469.174, subd. 10(d) of the TIF Act is hereafter amended to extend that time period.

3. It is expressly understood that execution and implementation of the Contract shall be subject to:

(a) A determination by the EDA in its sole discretion that its undertakings are feasible based on (i) the projected tax increment revenues and any other revenues designated by the EDA; (ii) the purposes and objectives of any tax increment, development, or other plan created or proposed for the purpose of providing financial assistance for the redevelopment; and (iii) the best interests of the City.

(b) A determination by the EDA that any EDA financial assistance is reasonably necessary in order to make the redevelopment financially feasible.

(c) A determination by the Developer or its successor that the redevelopment is economically feasible and in the best interests of the Developer or its successor.

4. This Agreement is effective from the date hereof through December 31, 2022. After such date, neither party shall have any obligation hereunder except as expressly set forth to the contrary herein. Notwithstanding anything to the contrary herein, the term of this Agreement may be extended by mutual written agreement of the parties.

5. The Developer shall solely be responsible for all costs incurred by the Developer and the EDA in connection with the negotiation and drafting of this Agreement and the parties obligations hereunder.

6. This Agreement may be terminated upon ten (10) days' written notice by either party to the other of any of the following events of default, only if such events of default shall remain uncured during the aforementioned notice period:

(a) an essential precondition to the execution of the Contract cannot be met; or

(b) if, in the opinion of either party an impasse has been reached in the negotiation or implementation of any material term or condition of this Agreement or the Contract.

7. If any portion of this Agreement is held invalid by a court of competent jurisdiction, such decision shall not affect the validity of any remaining portion of the Agreement.

8. In the event any covenant contained in this Agreement should be breached by one party and subsequently waived by another party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other concurrent, previous or subsequent breach. This Agreement may not be amended nor any of its terms modified except by a writing authorized and executed by all parties hereto.

9. Notice or demand or other communication between or among the parties shall be sufficiently given if sent by mail, postage prepaid, return receipt requested or delivered personally:

(a) As to the City:	Economic Development Authority of Faribault 208 NW First Avenue Faribault, MN 55021-5105 Attn: Community & Economic Development Director
---------------------	---

with a copy to:

Scott J. Riggs, City Attorney
Kennedy & Graven, Chartered
700 Fifth Street Towers
150 South Fifth Street
Minneapolis, MN 55402

(b) As to the Developer:

Rice County
320 3rd Street NW
Faribault, MN 55021
Attn: Matthew Verdick, Park & Facilities Director

10. This Agreement may be executed simultaneously in any number of counterparts, all of which shall constitute one and the same instrument.

11. This Agreement shall be governed by and construed in accordance with the laws of the State of Minnesota.

12. At any time during the term of this Agreement and in its sole discretion, the City may assign this Agreement to the Faribault Economic Development Authority.

(The remainder of this page is intentionally left blank.)

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed as of the day and year first above written.

**ECONOMIC DEVELOPMENT AUTHORITY
OF FARIBAULT**

By: _____
Rodney Gramse
Its: President

By: _____
AJ Smith
Its: Secretary

**DEVELOPER:
RICE COUNTY**

By: _____
Its:

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

PID 18.31.1.26.266 (129 4th Street NW)
PID 18.31.1.26.265 (125 4th Street NW)
PID 18.31.1.26.267 (125 4th Street NW)
PID 18.31.1.26.264 (119 4th Street NW)
PID 18.31.1.26.261 (101 4th Street NW)
PID 18.31.1.26.267 (316 1st Avenue NW)
PID 18.31.1.26.271 (310 1st Avenue NW)
PID 18.31.1.26.270 (308 1st Avenue NW);



CITY OF FARIBAULT

RESOLUTION #2022-037

FINDING PARCELS OCCUPIED BY STRUCTURALLY SUBSTANDARD BUILDINGS – NORTH BLOCK DEVELOPMENT STUDY / RICE COUNTY LAW ENFORCEMENT CENTER BLOCK

WHEREAS, parcels that were included in the North Block Development Study / Rice County Law Enforcement Center Block, as shown on Exhibit A, have been contemplated for redevelopment; and

WHEREAS, it has been proposed that the City Council for the City of Faribault, Minnesota (the "City") may want to create a tax increment financing district in an area within the City, in the future to be designated a redevelopment district as defined in Minnesota Statutes, section 469.174, subd. 10 (the "TIF District"); and

WHEREAS, in order to create this type of TIF District, the City must determine that before the demolition or removal of any substandard buildings, certain conditions exist; and

WHEREAS, in order to deem a parcel as being occupied by a structurally substandard building, the City must first pass a resolution before the demolition or removal that the parcel was occupied by one or more structurally substandard buildings and that after demolition and clearance the City intended to include the parcel within the proposed future tax increment financing district; and

WHEREAS, there exists in the City on the following parcels structurally substandard buildings to be demolished or removed (the "Substandard Building Condition");

PID 18.31.1.26.266 (129 4th Street NW)
PID 18.31.1.26.265 (125 4th Street NW)
PID 18.31.1.26.267 (125 4th Street NW)
PID 18.31.1.26.264 (119 4th Street NW)
PID 18.31.1.26.261 (101 4th Street NW)
PID 18.31.1.26.267 (316 1st Avenue NW)
PID 18.31.1.26.271 (310 1st Avenue NW)
PID 18.31.1.26.270 (308 1st Avenue NW); and

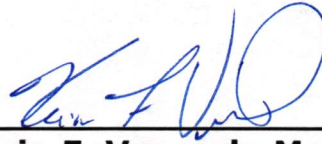
WHEREAS, the parcels are deemed to be occupied by a structurally substandard building if the parcel was occupied by one or more substandard buildings or met the criteria of Minnesota Statutes, section 469.174, Subd. 10(e) within three years of the filing of the request for certification of the parcel as part of the district with the county auditor, in addition to other requirements as are required by law.

NOW, THEREFORE BE IT RESOLVED, by the Faribault City Council as follows:

1. The Council has received from LHB, Inc. the "TIF ANALYSIS FINDINGS FOR THE COURTHOUSE BLOCK", dated December 30, 2021 (the "Inspection Report"), finding that, based on an inspection of the buildings located on the Parcels, and applying current statutory criteria for a Redevelopment District under Minnesota Statutes, Sections 469.174 Subdivision 10, the buildings qualify as substandard. Based on the Inspection Report and other information available to the Council, the Council finds that the buildings on the Parcels are structurally substandard to a degree requiring substantial renovation or clearance passing the coverage test (Minnesota Statutes, Section 469.174, Subd. 10 (a)(1)) and passing the condition of buildings test (Minnesota Statutes, Section 469.174, Subd. 10 (a)).
2. After the date of approval of this resolution, the buildings on these Parcels may be demolished or removed.
3. The City intends to include the Parcels in a redevelopment TIF District at some point in the future, and to file the request for certification of such district with the county auditor within three years after the date of demolition of the buildings on the Parcels.
4. Upon filing the request for certification of a new tax increment financing district, the City will notify the county auditor that the original tax capacity of the Parcels must be adjusted to reflect the greater of (a) the current net tax capacity of the parcels, or (b) the estimated market value of the Parcels for the year in which the buildings were demolished or removed, but applying class rates for the current year, all in accordance with Minnesota Statutes, Section 469.174, Subd. 10(d).
5. City staff and consultants are authorized to take any actions necessary to carry out the intent of this resolution.

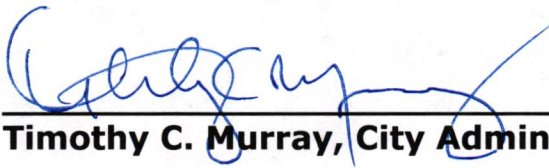
Date Adopted: April 26, 2022

Faribault City Council



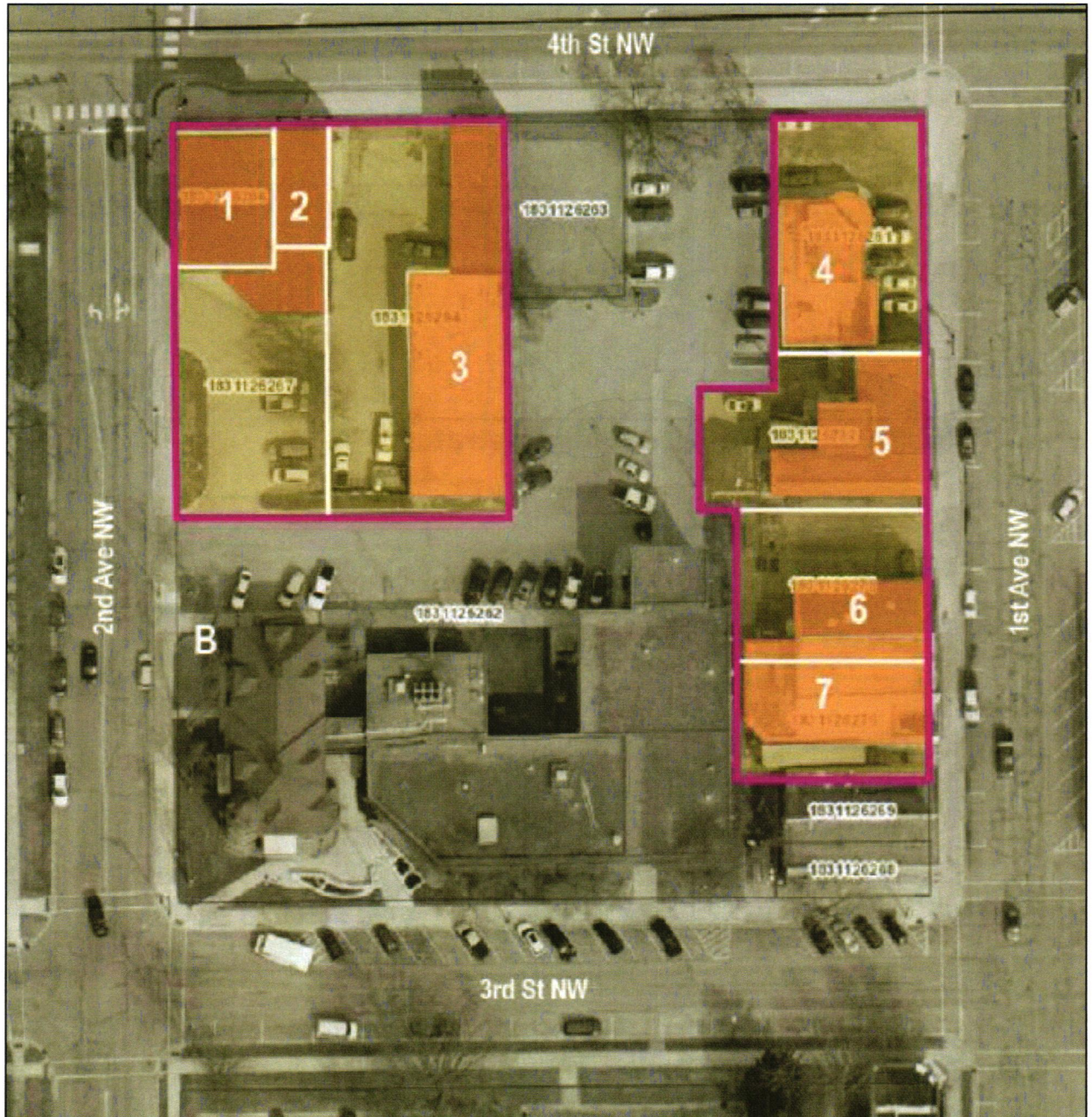
Kevin F. Voracek, Mayor

ATTEST:



Timothy C. Murray, City Administrator

EXHIBIT A





PERFORMANCE
DRIVEN DESIGN.
LHBcorp.com

December 30, 2021

Matthew Verdick, Director of Parks & Facilities
Rice County
320 NW 3rd Street
Faribault, MN 55021

TIF ANALYSIS FINDINGS FOR THE COURTHOUSE BLOCK

LHB was hired to inspect seven buildings located on the Courthouse block in Faribault, MN, to determine if they meet the definition of "Substandard" as defined by *Minnesota Statutes, Section 469.174, subdivision 10*. The building parcels may potentially be part of a future Redevelopment TIF District, so will need to be compliant with all the statutes pertaining to a Redevelopment District.

The parcels are located on the Courthouse block bounded by 2nd Ave NW, 4th St NW, 1st Ave NW, and 3rd St NW. (see Diagram 1).



Diagram 1

CONCLUSION

After inspecting and evaluating the buildings on September 17, 2021 and applying current statutory criteria for a Redevelopment District under *Minnesota Statutes, Section 469.174, Subdivision 10*, it is our professional opinion that the buildings qualify as substandard.

The remainder of this letter and attachments describe our process and findings in detail.

MINNESOTA STATUTE 469.174, SUBDIVISION 10 REQUIREMENTS

The properties were inspected in accordance with the following requirements under *Minnesota Statutes, Section 469.174, Subdivision 10(c)*, which states:

INTERIOR INSPECTION

"The municipality may not make such determination [that the building is structurally substandard] without an interior inspection of the property..."

EXTERIOR INSPECTION AND OTHER MEANS

"An interior inspection of the property is not required, if the municipality finds that

(1) the municipality or authority is unable to gain access to the property after using its best efforts to obtain permission from the party that owns or controls the property; and

(2) the evidence otherwise supports a reasonable conclusion that the building is structurally substandard."

DOCUMENTATION

"Written documentation of the findings and reasons why an interior inspection was not conducted must be made and retained under section 469.175, subdivision 3, clause (1)."

QUALIFICATION REQUIREMENTS

Minnesota Statutes, Section 469.174, Subdivision 10 (a) (1) requires two tests for occupied parcels:

1. Coverage Test

"...parcels consisting of 70 percent of the area of the district are occupied by buildings, streets, utilities, or paved or gravel parking lots..."

The coverage required by the parcel to be considered occupied is defined under *Minnesota Statutes, Section 469.174, Subdivision 10(e)*, which states:

"For purposes of this subdivision, a parcel is not occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures unless 15 percent of the area of the parcel contains buildings, streets, utilities, paved or gravel parking lots, or other similar structures."

The LHB team reviewed the following parcels:

18.31.1.26.266 (129 4th St NW)

- The parcel is approximately 2,640 square feet and is 100 percent covered by buildings, parking lots or other improvements. This parcel contains Building No. 1 as indicated in Diagram 1.

18.31.1.26.265 (125 4th St NW)

- The parcel is approximately 1,274 square feet and is 100 percent covered by buildings, parking lots or other improvements. This parcel contains a portion of Building No. 2 as indicated in Diagram 1.

18.31.1.26.267 (125 4th St NW)

- The parcel is approximately 7,578 square feet and is 100 percent covered by buildings, parking lots or other improvements. This parcel contains a portion of Building No. 2 as indicated in Diagram 1.

18.31.1.26.264 (119 4th St NW)

- The parcel is approximately 12,788 square feet and is 100 percent covered by buildings, parking lots or other improvements. This parcel contains Building No. 3 as indicated in Diagram 1.

18.31.1.26.261 (101 4th ST NW)

- The parcel is approximately 6,600 square feet and is 100 percent covered by buildings, parking lots or other improvements. This parcel contains Building No. 4 as indicated in Diagram 1.

18.31.1.26.272 (316 1st Ave NW)

- The parcel is approximately 6,831 square feet and is 100 percent covered by buildings, parking lots or other improvements. This parcel contains Building No. 5 as indicated in Diagram 1.

18.31.1.26.271 (310 1st Ave NW)

- The parcel is approximately 5,395 square feet and is 100 percent covered by buildings, parking lots or other improvements. This parcel contains Building No. 6 as indicated in Diagram 1.

18.31.1.26.270 (308 1st Ave NW)

- The parcel is approximately 4,150 square feet and is 100 percent covered by buildings, parking lots or other improvements. This parcel contains Building No. 7 as indicated in Diagram 1.

Findings

The parcels are covered by buildings, parking lots or other improvements, exceeding the 15 percent parcel requirement.

2. Condition of Buildings Test

Minnesota Statutes, Section 469.174, Subdivision 10(a) states:

"...and more than 50 percent of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance;"

Structurally substandard is defined under Minnesota Statutes, Section 469.174, Subdivision 10(b), which states:

"For purposes of this subdivision, 'structurally substandard' shall mean containing defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors, which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance."

We do not count energy code deficiencies toward the thresholds required by *Minnesota Statutes, Section 469.174, Subdivision 10(b)*) defined as "structurally substandard", due to concerns expressed by the State of Minnesota Court of Appeals in the *Walser Auto Sales, Inc. vs. City of Richfield* case filed November 13, 2001.

Findings

The buildings described as building no. 1, 2, 3, 4, 5, 6, and 7 on Diagram 1 exceed the criteria required to be determined substandard buildings (see the attached Building Code, Condition Deficiency and Context Analysis Reports).

Buildings are not eligible to be considered structurally substandard unless they meet certain additional criteria, as set forth in *Subdivision 10(c)* which states:

"A building is not structurally substandard if it is in compliance with the building code applicable to new buildings or could be modified to satisfy the building code at a cost of less than 15 percent of the cost of constructing a new structure of the same square footage and type on the site. The municipality may find that a building is not disqualified as structurally substandard under the preceding sentence on the basis of reasonably available evidence, such as the size, type, and age of the building, the average cost of plumbing, electrical, or structural repairs, or other similar reliable evidence."

"Items of evidence that support such a conclusion [that the building is not disqualified] include recent fire or police inspections, on-site property tax appraisals or housing inspections, exterior evidence of deterioration, or other similar reliable evidence."

LHB counts energy code deficiencies toward the 15 percent code threshold required by *Minnesota Statutes, Section 469.174, Subdivision 10(c)*) for the following reasons:

- The Minnesota energy code is one of ten building code areas highlighted by the Minnesota Department of Labor and Industry website where minimum construction standards are required by law.
- Chapter 13 of the *2015 Minnesota Building Code* states, "Buildings shall be designed and constructed in accordance with the International Energy Conservation Code." Furthermore, *Minnesota Rules, Chapter 1305.0021 Subpart 9* states, "References to the International Energy Conservation Code in this code mean the Minnesota Energy Code..."
- Chapter 11 of the *2015 Minnesota Residential Code* incorporates *Minnesota Rules, Chapters, 1322 and 1323 Minnesota Energy Code*.
- The Senior Building Code Representative for the Construction Codes and Licensing Division of the Minnesota Department of Labor and Industry confirmed that the Minnesota Energy Code is being enforced throughout the State of Minnesota.
- In a January 2002 report to the Minnesota Legislature, the Management Analysis Division of the Minnesota Department of Administration confirmed that the construction cost of new buildings complying with the Minnesota Energy Code is higher than buildings built prior to the enactment of the code.
- Proper TIF analysis requires a comparison between the replacement value of a new building built under current code standards with the repairs that would be necessary to bring the existing building up to current code standards. For an equal comparison to be made, all applicable code chapters should be applied to both scenarios. Since current construction estimating software automatically applies the construction cost of complying with the Minnesota Energy Code, energy code deficiencies should also be identified in the existing structures.

Findings

The buildings have code deficiencies exceeding the 15 percent building code deficiency criteria required to be determined substandard (see the attached Building Code, Condition Deficiency and Context Analysis reports).

TEAM CREDENTIALS

MICHAEL A. FISCHER, AIA, LEED AP - PROJECT PRINCIPAL/TIF ANALYST

With over 34-years of experience serving as a Project Principal, Project Manager, Project Designer and Project Architect on planning, urban design, educational, commercial, and governmental projects, he has become an expert on Tax Increment Finance District (TIF) analysis assisting over 100 cities with strategic planning for TIF Districts. Michael is an LHB Principal and Leader of the Integrative Design Team.

Michael completed a two-year Bush Fellowship, studying at MIT and Harvard in 1999, earning master's degrees in City Planning and Real Estate Development from MIT. He has served on more than 50 committees, boards, and community task forces, including City Council President in Superior, Wisconsin, Chair of the Duluth/Superior Metropolitan Planning Organization, and Chair of the Edina, Minnesota Planning Commission. Most recently, he served as a member of the Edina city council and Secretary of the Edina HRA. Michael has also managed and designed several award-winning architectural projects and was one of four architects in the Country to receive the AIA Young Architects Citation in 1997.

PHIL FISHER – INSPECTOR

For 35 years, Phil Fisher worked in the field of Building Operations in Minnesota including White Bear Lake Area Schools. At the University of Minnesota he earned his Bachelor of Science in Industrial Technology. He is a Certified Playground Safety Inspector, Certified Plant Engineer, and is trained in Minnesota Enterprise Real Properties (MERP) Facility Condition Assessment (FCA). His FCA training was recently applied to the Minnesota Department of Natural Resources Facilities Condition Assessment project involving over 2,000 buildings.

ATTACHMENTS

We have attached a Building Code, Condition Deficiency and Context Analysis Report, Replacement Cost Report, Code Deficiency Report, and thumbnail photo sheets of each building.

Please contact me at (612) 752-6920 if you have any questions.

LHB, INC.



MICHAEL A. FISCHER, AIA, LEED AP

c: LHB Project No. 210587

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APPENDIX A

Building Code, Condition Deficiency and Context Analysis Reports

Courthouse Block Redevelopment TIF District

Building Code, Condition Deficiency and Context Analysis Report

Parcel 1

Office Building

Address: 129 4th Street NW, Faribault, Minnesota 55021
Parcel ID: 1831126266
Inspection Date(s) & Time(s): September 17, 2021 2:15 PM
Inspection Type: Interior and Exterior
Summary of Deficiencies: It is our professional opinion that this building is Substandard because:

- Substantial renovation is required to correct Conditions found.
- Building Code deficiencies total more than 15% of replacement cost, NOT including energy code deficiencies.

Estimated Replacement Cost:	\$1,225,476
Estimated Cost to Correct Building Code Deficiencies:	\$401,495
Percentage of Replacement Cost for Building Code Deficiencies:	32.8%

DEFECTS IN STRUCTURAL ELEMENTS

1. It appears that internal reinforcement of the second level has been installed.
2. Floor joists are compromised by improper penetrations for conduit which is contrary to code.

COMBINATION OF DEFICIENCIES

1. Essential Utilities and Facilities
 - a. There is no code required accessible parking.
 - b. There is no code required accessible route into the building.
 - c. There is no code required accessible route to all levels of the building.
 - d. There is no code required accessible restroom.
2. Light and Ventilation
 - a. The lighting system does not comply with code.
 - b. The electrical wiring system does not comply with code.
 - c. The HVAC system does not comply with code.
3. Fire Protection/Adequate Egress
 - a. Thresholds do not comply with code for maximum height.
 - b. Stairways do not comply with code.
 - c. Door hardware does not comply with code.

- d. Carpeting is damaged creating an impediment to emergency egress which is contrary to code.
 - e. Through wall penetrations are not fire caulked per code.
 - f. Glass doors do not have code required 10-inch kick plates.
 - g. The smoke detector system does not comply with code.
 - h. There is no code required emergency lighting system.
 - i. There is no code required emergency notification system.
 - j. There is no code required building sprinkler system.
4. Layout and Condition of Interior Partitions/Materials
- a. Interior walls and ceilings are damaged and should be repaired/repainted.
 - b. Acoustical ceiling tile is water stained from roof leaks and should be replaced.
 - c. Carpeting is stained and should be replaced.
 - d. Mold is present throughout the building.
5. Exterior Construction
- a. Windows have failed allowing for water intrusion which is contrary to code.
 - b. Roofing material has failed allowing for water intrusion which is contrary to code.
 - c. Exterior brick and mortar is failing allowing for water intrusion which is contrary to code.

DESCRIPTION OF CODE DEFICIENCIES

1. Floor joists are compromised for improper penetration locations which is contrary to code.
2. Code required accessible parking should be created.
3. A code required accessible route into the building should be created.
4. A code required accessible route to all levels of the building should be created.
5. A code required accessible restroom should be created.
6. A code compliant lighting system should be installed.
7. A code compliant electrical wiring system should be installed.
8. A code compliant HVAC system should be installed.
9. Thresholds do not comply with code for maximum height.
10. Stairways do not comply with code.
11. Door hardware does not comply with code.
12. Damaged carpeting is creating an impediment to emergency egress which is contrary to code.
13. Through wall penetrations should have code required fire caulk installed.
14. Glass doors should have code required 10-inch kick plates installed.
15. A code compliant smoke detector system should be installed.
16. A code required emergency lighting system should be installed.
17. A code required emergency notification system should be installed.
18. A code required building sprinkler system should be installed.
19. Failed windows should be replaced to prevent water intrusion per code.

20. Failed roofing system should be removed/replaced to prevent water intrusion per code.
21. Failed exterior brick and mortar should be repaired/replaced to prevent water intrusion per code.

OVERVIEW OF DEFICIENCIES

This two-story office building is currently vacant. There is no code required accessible parking. There is no code required accessible route into the building and to all levels. The restroom is not code compliant. The electrical wiring and lighting are not code compliant. The HVAC system is not code compliant. The thresholds and stairways are not code compliant. Door hardware is not code compliant. There are no code compliant life safety systems installed in the building. The interior walls should be repaired/repainted. Interior acoustical ceilings are stained from roof leaks and should be replaced. Carpeting is damaged and should be replaced. Windows have failed and should be replaced to prevent water intrusion per code. The roofing material has failed allowing for water intrusion which is contrary to code. Failed exterior brick and mortar should be repaired/replaced to prevent water intrusion per code.

ENERGY CODE DEFICIENCIES

In addition to the building code deficiencies listed above, the existing building does not comply with the current energy code. These deficiencies are not included in the estimated costs to correct code deficiencies and are not considered in determining whether or not the building is substandard:

-

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Courthouse Block Redevelopment TIF District

Building Code, Condition Deficiency and Context Analysis Report

Parcel 2

Address:

Parcel ID:

Inspection Date(s) & Time(s):

Inspection Type:

Summary of Deficiencies:

Support Services Building

125 4th Street NW, Faribault, Minnesota 55021

1831126265

September 17, 2021 2:00 PM

Interior and Exterior

It is our professional opinion that this building is Substandard because:

- Substantial renovation is required to correct Conditions found.
- Building Code deficiencies total more than 15% of replacement cost, NOT including energy code deficiencies.

Estimated Replacement Cost:

\$361,204

Estimated Cost to Correct Building Code Deficiencies:

\$88,510

Percentage of Replacement Cost for Building Code Deficiencies:

24.5%

DEFECTS IN STRUCTURAL ELEMENTS

1. None found.

COMBINATION OF DEFICIENCIES

1. Essential Utilities and Facilities
 - a. There is no code required accessible parking.
 - b. There is no code required accessible route into the building.
 - c. Restroom does not comply with accessibility code.
2. Light and Ventilation
 - a. The lighting system does not comply with code.
 - b. The electrical wiring system does not comply with code.
 - c. The HVAC system does not comply with code.
3. Fire Protection/Adequate Egress
 - a. Thresholds do not comply with code for maximum height.
 - b. Door hardware does not comply with code.
 - c. Stairway does not comply with code.
 - d. Through wall penetrations should be fire caulked per code.
 - e. There is no code required smoke detector system.

- f. There is no code required emergency lighting system.
 - g. There is no code required emergency notification system.
 - h. There is no code required building sprinkler system.
4. Layout and Condition of Interior Partitions/Materials
- a. Ceilings are water stained from roof leaks and should be repainted.
 - b. Basement walls and ceiling should be repainted.
 - c. Basement walls show signs of mold.
 - d. Basement carpeting should be replaced.
5. Exterior Construction
- a. Windows are failing allowing for water intrusion which is contrary to code.
 - b. Roofing material is failing allowing for water intrusion which is contrary to code.
 - c. Exterior block and mortar are damaged and should be repaired/replaced to prevent water intrusion per code.

DESCRIPTION OF CODE DEFICIENCIES

1. Code required accessible parking should be created.
2. A code required accessible route into the building should be created.
3. A code compliant accessible restroom should be created.
4. The lighting system should be made code compliant.
5. The electrical wiring system should be made code compliant.
6. A code compliant HVAC system should be installed.
7. Thresholds should be modified to comply with code for maximum height.
8. Code compliant door hardware should be installed.
9. Basement stairway should be modified to comply with code.
10. Through wall penetrations should have code required fire caulking.
11. A code required smoke detector system should be installed.
12. A code required emergency lighting system should be installed.
13. A code required emergency notification system should be installed.
14. A code required building sprinkler system should be installed.
15. Failed windows should be replaced to prevent water intrusion per code.
16. Failed roofing system should be removed/replaced to prevent water intrusion per code.
17. Damaged/missing brick and mortar should be repaired/replaced to prevent water intrusion per code.

OVERVIEW OF DEFICIENCIES

This building is currently used by the county for support services. The building does not comply with accessibility code. The building does not have code compliant electrical, lighting or HVAC systems. The building does not have any code required life safety systems installed. There is mold present throughout the building. The interior walls and ceilings should be repaired/repainted. Exterior walls should be repaired to prevent water intrusion per code. The stairway does not comply with code. Door hardware does not comply with code. Through wall penetrations should be fire caulked per code. The roofing material has failed allowing for water intrusion which is contrary to code.

ENERGY CODE DEFICIENCIES

In addition to the building code deficiencies listed above, the existing building does not comply with the current energy code. These deficiencies are not included in the estimated costs to correct code deficiencies and are not considered in determining whether or not the building is substandard:

-

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Courthouse Block Redevelopment TIF District

Building Code, Condition Deficiency and Context Analysis Report

Parcel 3

County Services Building

Address: 119 4th Street NW, Faribault, Minnesota 55021
Parcel ID: 1831126264
Inspection Date(s) & Time(s): September 17, 2021 1:50 PM
Inspection Type: Interior and Exterior
Summary of Deficiencies: It is our professional opinion that this building is Substandard because:

- Substantial renovation is required to correct Conditions found.
- Building Code deficiencies total more than 15% of replacement cost, NOT including energy code deficiencies.

Estimated Replacement Cost:	\$928,406
Estimated Cost to Correct Building Code Deficiencies:	\$297,312
Percentage of Replacement Cost for Building Code Deficiencies:	32.0%

DEFECTS IN STRUCTURAL ELEMENTS

1. None found.

COMBINATION OF DEFICIENCIES

1. Essential Utilities and Facilities
 - a. There is no code required accessible parking.
 - b. Restrooms are not fully code compliant for accessibility.
2. Light and Ventilation
 - a. The lighting system does not comply with code.
 - b. The HVAC system does not comply with code.
 - c. Circuit breaker panels do not comply with OSHA code.
 - d. Hazardous material cabinet is not properly vented per code.
 - e. Electrical wiring system does not comply with code.
3. Fire Protection/Adequate Egress
 - a. Thresholds do not comply with code.
 - b. Door hardware is not code compliant.
 - c. Glass doors should have code required 10-inch kick plates installed.
 - d. Smoke detectors are not code compliant.

- e. Emergency lighting is not code compliant.
 - f. There is no code required emergency notification system.
 - g. There is no code required building sprinkler system.
 - h. Through wall penetrations should be fire caulked per code.
4. Layout and Condition of Interior Partitions/Materials
- a. Ceiling tile is stained from roof leaks and should be replaced.
 - b. Sink should be re-caulked.
 - c. Interior walls should be repainted.
 - d. Trip hazards in the shop area should be corrected per code.
5. Exterior Construction
- a. Exterior brick and mortar are damaged/missing and should be repaired to prevent water intrusion per code.
 - b. Exterior painted surfaces are peeling and should be repainted.
 - c. Windows are failing allowing for water intrusion which is contrary to code.
 - d. Roofing material has failed allowing for water intrusion which is contrary to code.
 - e. Exterior windowsills are damaged and should be repaired.
 - f. Concrete steps are damaged and should be repaired.

DESCRIPTION OF CODE DEFICIENCIES

- 1. Code required accessible parking should be created.
- 2. Code compliant accessible restrooms should be made available.
- 3. The lighting system is not code compliant.
- 4. The electrical wiring system is not code compliant.
- 5. The HVAC system is not code compliant.
- 6. Circuit breaker panels are not OSHA code compliant.
- 7. The hazardous materials cabinet is not code compliant.
- 8. Thresholds do not comply with code.
- 9. Door hardware does not comply with code.
- 10. Glass doors should have 10-inch kick plates installed per code.
- 11. Code compliant smoke detectors should be installed.
- 12. Code compliant emergency lighting should be installed.
- 13. Code required emergency notification system should be installed.
- 14. Code required building sprinkler system should be installed.
- 15. Through wall penetrations should be fire caulked per code.
- 16. Trip hazards in the shop area should be corrected per code.
- 17. Damaged/missing exterior brick and mortar should be repaired/replaced to prevent water intrusion per code.
- 18. Failing windows should be repaired/replaced to prevent water intrusion per code.
- 19. Failed roofing material should be removed/replaced to prevent water intrusion per code.

OVERVIEW OF DEFICIENCIES

This building currently houses county services. There is no code required accessible parking. The restrooms are not fully code compliant for accessibility. Thresholds and door hardware do not comply with code. Glass doors should have code required 10-inch kick plates installed. Code required life safety systems do not comply with code. Windows and roofing material are failing and should be repaired/replace to prevent water intrusion per code. Lighting and electrical wiring systems do not comply with code. The HVAC system does not comply with code. Interior walls should be repaired/repainted. Trip hazards should be corrected per code to create an unimpeded means to emergency egress. Damaged/missing exterior brick and mortar should be repaired/replaced to prevent water intrusion per code. Painted exterior surfaces should be repainted.

ENERGY CODE DEFICIENCIES

In addition to the building code deficiencies listed above, the existing building does not comply with the current energy code. These deficiencies are not included in the estimated costs to correct code deficiencies and are not considered in determining whether or not the building is substandard:

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Courthouse Block Redevelopment TIF District

Building Code, Condition Deficiency and Context Analysis Report

Parcel 4

Commercial Building

Address: 101 4th Street NW, Faribault, Minnesota 55021
Parcel ID: 1831126261
Inspection Date(s) & Time(s): September 17, 2021 1:35 PM
Inspection Type: Interior and Exterior
Summary of Deficiencies: It is our professional opinion that this building is Substandard because:

- Substantial renovation is required to correct Conditions found.
- Building Code deficiencies total more than 15% of replacement cost, NOT including energy code deficiencies.

Estimated Replacement Cost:	\$503,811
Estimated Cost to Correct Building Code Deficiencies:	\$143,028
Percentage of Replacement Cost for Building Code Deficiencies:	28.4%

DEFECTS IN STRUCTURAL ELEMENTS

1. Exterior south wall is collapsing into the building and should be repaired per code.

COMBINATION OF DEFICIENCIES

1. Essential Utilities and Facilities
 - a. There is no code compliant accessible parking.
 - b. There is no code compliant accessible route into the building.
 - c. The restroom does not comply with accessibility code.
2. Light and Ventilation
 - a. The lighting system does not comply with code.
 - b. The HVAC system does not comply with code.
3. Fire Protection/Adequate Egress
 - a. Thresholds do not comply with code.
 - b. Carpeting is damaged creating an impediment to emergency egress which is contrary to code.
 - c. Floor tile is damaged creating an impediment to emergency egress which is contrary to code.
 - d. There are no code required smoke detectors in the building.
 - e. The emergency lighting system is not code compliant.
 - f. There is no code required emergency notification system.
 - g. There is no code required building sprinkler system.

4. Layout and Condition of Interior Partitions/Materials
 - a. Carpeting is stained and should be replaced.
 - b. Interior walls should be repaired/repainted.
 - c. Interior ceilings should be repaired/repainted.
 - d. Mold is present on many surfaces.
 - e. Ceiling grid is stained and should be replaced.
5. Exterior Construction
 - a. Exterior walls should be repainted.
 - b. Exterior block and mortar is damaged/missing allowing for water intrusion which is contrary to code.
 - c. Roofing material has failed allowing for water intrusion which is contrary to code.
 - d. Windows are failing allowing for water intrusion which is contrary to code.

DESCRIPTION OF CODE DEFICIENCIES

1. South wall structural failure should be repaired per code.
2. Code required accessible parking should be created.
3. A code required accessible route into the building should be created.
4. A code required accessible restroom should be installed.
5. The lighting system is not code compliant.
6. The HVAC system does not comply with code.
7. Thresholds do not comply with code for maximum height.
8. Carpeting is damaged creating an impediment to emergency egress which is contrary to code.
9. Floor tile is damaged creating an impediment to emergency egress which is contrary to code.
10. Code required smoke detectors should be installed.
11. A code compliant emergency lighting system should be installed.
12. A code required emergency notification system should be installed.
13. A code required building sprinkler system should be installed.
14. Damaged exterior block and mortar should be repaired/replaced to prevent water intrusion per code.
15. Failed roofing material should be replaced to prevent water intrusion per code.
16. Failed windows should be replaced to prevent water intrusion per code.

OVERVIEW OF DEFICIENCIES

This one-story commercial building has been vacant for several years. The exterior surfaces should be repaired/repainted. The south wall has failed and should be repaired per code. There is no code required accessible parking or code required accessible route into the building. The lighting and HVAC systems do not comply with code. Flooring material is damaged creating an impediment to emergency egress which is contrary to code. The restroom does not comply with code. Life safety systems do not comply with code. Interior surfaces have mold present. The interior walls and ceilings should be repaired/repainted. The roofing and window systems have failed allowing for water intrusion which is contrary to code.

ENERGY CODE DEFICIENCIES

In addition to the building code deficiencies listed above, the existing building does not comply with the current energy code. These deficiencies are not included in the estimated costs to correct code deficiencies and are not considered in determining whether or not the building is substandard:

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Courthouse Block Redevelopment TIF District

Building Code, Condition Deficiency and Context Analysis Report

Parcel 5

Retail/Housing Mixed Use

Address: 316 1st Avenue NW, Faribault, Minnesota 55021
Parcel ID: 1831126272
Inspection Date(s) & Time(s): September 17, 2021 1:00 PM
Inspection Type: Interior and Exterior
Summary of Deficiencies: It is our professional opinion that this building is Substandard because:

- Substantial renovation is required to correct Conditions found.
- Building Code deficiencies total more than 15% of replacement cost, NOT including energy code deficiencies.

Estimated Replacement Cost:	\$1,641,923
Estimated Cost to Correct Building Code Deficiencies:	\$506,714
Percentage of Replacement Cost for Building Code Deficiencies:	30.9%

DEFECTS IN STRUCTURAL ELEMENTS

1. None found.

COMBINATION OF DEFICIENCIES

1. Essential Utilities and Facilities
 - a. There is no code required accessible parking.
 - b. There is no code required accessible route into the building.
 - c. There is no code required accessible route to all levels of the building.
 - d. The restroom is not code compliant for accessibility.
2. Light and Ventilation
 - a. The lighting system does not comply with code.
 - b. The electrical wiring system does not comply with code.
 - c. The HVAC system does not comply with code.
3. Fire Protection/Adequate Egress
 - a. Thresholds do not comply with code for maximum height.
 - b. Door hardware does not comply with code.
 - c. Stairways do not comply with code.
 - d. Carpeting is torn/damaged creating an impediment to emergency egress which is contrary to code.

- e. Smoke detectors do not comply with code.
 - f. There is no code required emergency lighting.
 - g. There is no code required emergency notification system.
 - h. There is no code required building sprinkler system.
4. Layout and Condition of Interior Partitions/Materials
- a. Carpeting is stained and should be replaced.
 - b. Ceiling paint is stained/peeling and should be repaired/repainted.
 - c. Walls should be repaired/repainted.
5. Exterior Construction
- a. Exterior metal doors are rusting and should be repainted.
 - b. Exterior wooden doors should be repainted.
 - c. Windows are failing allowing for water intrusion which is contrary to code.
 - d. Brick and mortar are damaged/missing allowing for water intrusion which is contrary to code.
 - e. Brick sills are damaged and should be replaced.
 - f. Roofing material is failing allowing for water intrusion which is contrary to code.
 - g. Exterior wooden deck is not code compliant.

DESCRIPTION OF CODE DEFICIENCIES

- 1. Code required accessible parking should be created.
- 2. There is no code required accessible route into the building.
- 3. There is no code required accessible route to all levels of the building.
- 4. There is no code compliant restroom.
- 5. The lighting system is not code compliant.
- 6. The electrical wiring system is not code compliant.
- 7. The HVAC system is not code compliant.
- 8. Thresholds do not comply with code for maximum height.
- 9. Door hardware does not comply with code.
- 10. Stairways do not comply with code.
- 11. Carpeting is torn/damaged creating an impediment to emergency egress which is contrary to code.
- 12. Smoke detectors do not comply with code.
- 13. There is no code required emergency lighting system.
- 14. There is no code required emergency notification system.
- 15. There is no code required building sprinkler system.
- 16. Failed windows should be replaced to prevent water intrusion per code.
- 17. Brick and mortar are damaged/missing allowing for water intrusion which is contrary to code.
- 18. Failed roofing material is allowing water intrusion which is contrary to code.
- 19. The wooden deck does not comply with code.

OVERVIEW OF DEFICIENCIES

This two-story building has retail businesses on the first floor and apartments on the second floor. There is no code required accessible parking. There is no code required accessible route into and to all levels of the building. There is no code required accessible restroom. The interior walls and ceilings should be repaired/repainted. Code compliant or required life safety systems are not present in this building. Stairways do not comply with code. Lighting and electrical wiring do not comply with code. The HVAC system does not comply with code. Failed windows and roofing material are allowing for water intrusion which is contrary to code. Brick and mortar are damaged/missing allowing for water intrusion which is contrary to code. The exterior wooden deck does not comply with code.

ENERGY CODE DEFICIENCIES

In addition to the building code deficiencies listed above, the existing building does not comply with the current energy code. These deficiencies are not included in the estimated costs to correct code deficiencies and are not considered in determining whether or not the building is substandard:

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Courthouse Block Redevelopment TIF District

Building Code, Condition Deficiency and Context Analysis Report

Parcel 6

Mixed Use Building

Address: 310 1st Avenue NW, Faribault, Minnesota 55021
Parcel ID: 1831126271
Inspection Date(s) & Time(s): September 17, 2021 1:20 PM
Inspection Type: Interior and Exterior
Summary of Deficiencies: It is our professional opinion that this building is Substandard because:

- Substantial renovation is required to correct Conditions found.
- Building Code deficiencies total more than 15% of replacement cost, NOT including energy code deficiencies.

Estimated Replacement Cost:	\$750,070
Estimated Cost to Correct Building Code Deficiencies:	\$198,394
Percentage of Replacement Cost for Building Code Deficiencies:	26.5%

DEFECTS IN STRUCTURAL ELEMENTS

1. None found.

COMBINATION OF DEFICIENCIES

1. Essential Utilities and Facilities
 - a. There is no code required accessible parking.
 - b. There is no code required accessible route into the building.
 - c. There is no code required accessible route to all levels of the building.
2. Light and Ventilation
 - a. The lighting system does not comply with code.
 - b. The HVAC system does not comply with code.
 - c. The electrical wiring system does not comply with code.
3. Fire Protection/Adequate Egress
 - a. Thresholds do not comply with code for maximum height.
 - b. Stairways do not comply with code.
 - c. Door hardware does not comply with code.
 - d. Smoke detectors are not code compliant.
 - e. Emergency lighting is not code compliant.
 - f. There is no code required emergency notification system.
 - g. There is no code required building sprinkler system.

- h. There is no code required secondary emergency egress from the second-floor apartments.
- 4. Layout and Condition of Interior Partitions/Materials
 - a. Interior walls should be repaired/repainted.
 - b. Carpeting should be replaced.
 - 5. Exterior Construction
 - a. Awning is damaged and should be replaced.
 - b. Brick and mortar is damaged/missing and should be repaired/replaced to prevent water intrusion per code.
 - c. Steel beam should be protected from rusting per code.
 - d. Windows have failed allowing for water intrusion which is contrary to code.
 - e. Roofing material has failed allowing for water intrusion which is contrary to code.

DESCRIPTION OF CODE DEFICIENCIES

- 1. Code required accessible parking should be established.
- 2. A code required accessible route into the building should be created.
- 3. A code required accessible route to all levels of the building should be created.
- 4. The lighting system does not comply with code.
- 5. The electrical wiring system does not comply with code.
- 6. The HVAC system does not comply with code.
- 7. Thresholds do not comply with code for maximum height.
- 8. Stairways do not comply with code.
- 9. Door hardware does not comply with code.
- 10. Smoke detectors are not code compliant.
- 11. Emergency lighting does not comply with code.
- 12. There is no code required emergency lighting system.
- 13. There is no code required building sprinkler system.
- 14. There is no code required second-floor emergency egress stairway.
- 15. Brick and mortar are damaged/missing allowing for water intrusion which is contrary to code.
- 16. Steel beams should be protected from rusting per code.
- 17. Failed windows should be replaced to prevent water intrusion per code.
- 18. Failed roofing material should be replaced to prevent water intrusion per code.

OVERVIEW OF DEFICIENCIES

This two-story building is currently vacant. Retail had previously occupied the ground floor and apartments were located on the second floor. There is no code required accessible parking. There is no code required accessible route into the building or to all levels. The electrical wiring system does not comply with code. The lighting system does not comply with code. The HVAC system does not comply with code. Stairways do not comply with code. There is no code required emergency egress from the second floor. Interior walls should be repainted. Carpeting should be replaced. The smoke detectors and emergency lighting do not comply with code. There is no code required emergency notification system. There is no code required building sprinkler system. The windows and roofing material have failed and should be replaced to prevent water intrusion per code. Brick and mortar are damaged/missing allowing for water intrusion which is contrary to code.

ENERGY CODE DEFICIENCIES

In addition to the building code deficiencies listed above, the existing building does not comply with the current energy code. These deficiencies are not included in the estimated costs to correct code deficiencies and are not considered in determining whether or not the building is substandard:

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Courthouse Block Redevelopment TIF District

Building Code, Condition Deficiency and Context Analysis Report

Parcel 7

Mixed Use Building

Address:	308 1 st Avenue NW, Faribault, Minnesota 55021
Parcel ID:	1831126270
Inspection Date(s) & Time(s):	September 17, 2021 1:30 PM
Inspection Type:	Exterior
Summary of Deficiencies:	It is our professional opinion that this building is Substandard because: - Substantial renovation is required to correct Conditions found. - Building Code deficiencies total more than 15% of replacement cost, NOT including energy code deficiencies.
Estimated Replacement Cost:	\$1,173,921
Estimated Cost to Correct Building Code Deficiencies:	\$181,463
Percentage of Replacement Cost for Building Code Deficiencies:	15.5%

(NOTE): This building was only viewed from the exterior by this inspector. Additional, general information in this report regarding the interior was provided by county personnel.

DEFECTS IN STRUCTURAL ELEMENTS

1. None found.

COMBINATION OF DEFICIENCIES

1. Essential Utilities and Facilities
 - a. There is no code required accessible parking.
 - b. There is no code required accessible route into the building.
 - c. There is no code required accessible route to all floors of the building.
2. Light and Ventilation
 - a. NOT OBSERVED
3. Fire Protection/Adequate Egress
 - a. Thresholds do not comply with code.
 - b. Glass doors do not have code required 10-inch kick plates installed.
 - c. There are no code compliant smoke detectors.
 - d. There are no code compliant emergency lights.
 - e. There is no code required emergency notification system.
 - f. There is no code required building sprinkler system.
 - g. There is no code required secondary egress stairway from the second-floor apartments.

4. Layout and Condition of Interior Partitions/Materials
 - a. NOT OBSERVED
5. Exterior Construction
 - a. Windows are failing allowing for water intrusion which is contrary to code.
 - b. Caulking is failing allowing for water intrusion which is contrary to code.
 - c. Exterior painted surfaces should be repainted.
 - d. Exterior brick and mortar are damaged/missing and should be repaired/replaced to prevent water intrusion per code.
 - e. Roofing material is failing allowing for water intrusion which is contrary to code.

DESCRIPTION OF CODE DEFICIENCIES

1. Code required accessible parking should be established.
2. A code required accessible route into the building should be created.
3. A code required accessible route to all levels of the building should be created.
4. Thresholds do not comply with code for maximum height.
5. Glass doors do not have code required 10-inch kick plates.
6. There is no code required secondary egress from the second-floor apartments.
7. Smoke detectors are not code compliant.
8. Emergency lighting does not comply with code.
9. There is no code required emergency lighting system.
10. There is no code required building sprinkler system.
11. Failed windows are allowing for water intrusion which is contrary to code.
12. Caulking has failed allowing for water intrusion which is contrary to code.
13. Damaged/missing exterior brick and mortar should be repaired/replaced to prevent water intrusion per code.
14. Failed roofing material should be replaced to prevent water intrusion per code.

OVERVIEW OF DEFICIENCIES

This two-story building is currently vacant. There is retail on the ground floor and apartments on the second floor. This inspector was unable to gain access to the interior. General information regarding the interior was provided by Rice County staff. There is no code required accessible parking. There is no code required accessible route into the building or to all levels. The thresholds do not comply with code for maximum height. The glass doors do not have code required 10-inch kick plates. There are no code compliant life safety systems in the building. Windows have failed allowing for water intrusion which is contrary to code. Brick and Mortar are failing/missing allowing for water intrusion which is contrary to code. The roofing material has failed allowing for water intrusion which is contrary to code.

ENERGY CODE DEFICIENCIES

In addition to the building code deficiencies listed above, the existing building does not comply with the current energy code. These deficiencies are not included in the estimated costs to correct code deficiencies and are not considered in determining whether or not the building is substandard:

APPENDIX B

Building Replacement Cost Reports

Code Deficiency Cost Reports

Photographs

Estimate Name:	129 4th Street NW	
Building Type:	Office, 2 Story with Brick / Wood Frame	
Location:	FARIBAULT, MN	 Costs are derived from a building model with basic components. Scope differences and market conditions can cause costs to vary significantly.
Story Count:	2	
Story Height (L.F.):	12.00	
Floor Area (S.F.):	5250	
Labor Type:	STD	
Basement Included:	Yes	
Data Release:	Year 2021 Quarter 1	
Cost Per Square Foot:	\$233.42	
Building Cost:	\$1,225,476.52	

		Quantity	% of Total	Cost Per S.F.	Cost
A	Substructure		12.13%	\$24.62	\$129,275.78
A1010	Standard Foundations			\$5.95	\$31,239.30
A10101102700	Strip footing, concrete, reinforced, load 11.1 KLF, soil bearing capacity 6 KSF, 12" deep x 24" wide	207		\$2.04	\$10,698.07
A10102107700	Spread footings, 3000 PSI concrete, load 200K, soil bearing capacity 6 KSF, 6' - 0" square x 20" deep	19.3		\$3.91	\$20,541.23
A1030	Slab on Grade			\$3.47	\$18,214.35
A10301202240	Slab on grade, 4" thick, non industrial, reinforced	2625		\$3.47	\$18,214.35
A2010	Basement Excavation			\$2.36	\$12,400.37
A20101104620	Excavate and fill, 10,000 SF, 8' deep, sand, gravel, or common earth, on site storage	2625		\$2.36	\$12,400.37
A2020	Basement Walls			\$12.84	\$67,421.76
A20201107260	Foundation wall, CIP, 12' wall height, pumped, .444 CY/LF, 21.59 PLF, 12" thick	207		\$12.84	\$67,421.76
B	Shell		33.82%	\$68.65	\$360,415.52
B1010	Floor Construction			\$32.51	\$170,676.68
B10102030860	Cast-in-place concrete column, 12" square, tied, 200K load, 12' story height, 142 lbs/LF, 4000PSI	231.57		\$4.67	\$24,504.52
B10102103450	Wood column, 8" x 8", 20' x 20' bay, 10' unsupported height, 133 BF/MSF, 160 PSF total allowable load	2625		\$0.30	\$1,588.39
B10102103450	Wood column, 8" x 8", 20' x 20' bay, 10' unsupported height, 133 BF/MSF, 160 PSF total allowable load	2625		\$0.30	\$1,588.39
B10102221720	Flat slab, concrete, with drop panels, 6" slab/2.5" panel, 12" column, 15'x15' bay, 75 PSF superimposed load, 153 PSF total load	2625		\$9.44	\$49,567.61
B10102643050	Wood beam and joist floor, 12"x16" girder, 8"x16" beam, 2x10 joists @ 16", 20'x20' bay, 75 PSF LL, 102 PSF total load	2625		\$11.56	\$60,692.89
B10107203700	Fireproofing, gypsum board, fire rated, 2 layer, 1" thick, 14" steel column, 3 hour rating, 22 PLF	662.4		\$6.24	\$32,734.88
B1020	Roof Construction			\$4.92	\$25,830.00
B10201024500	Wood roof, flat rafter, 2" x 14", 12" O.C.	2625		\$4.92	\$25,830.00
B2010	Exterior Walls			\$21.33	\$112,007.61
B20101251000	Brick wall, common, solid, single wythe, 4" thick, running bond	3974.4		\$20.33	\$106,712.64
B20101907600	Insulation, fiberglass batts, 6" thick, R19	2625		\$1.01	\$5,294.97
B2020	Exterior Windows			\$6.82	\$35,818.68
B20201066550	Windows, aluminum, awning, insulated glass, 4'-5" x 5'-3"	43.2		\$6.82	\$35,818.68
B2030	Exterior Doors			\$1.50	\$7,853.92
B20301106950	Door, aluminum & glass, with transom, narrow stile, double door, hardware, 6'-0" x 10'-0" opening	0.52		\$0.80	\$4,196.57
B20301107300	Door, aluminum & glass, with transom, bronze finish, hardware, 3'-0" x 10'-0" opening	0.52		\$0.41	\$2,139.60
B20302203450	Door, steel 18 gauge, hollow metal, 1 door with frame, no label, 3'-0" x 7'-0" opening	0.52		\$0.29	\$1,517.75
B3010	Roof Coverings			\$1.57	\$8,228.63
B30101202200	Roofing, single ply membrane, EPDM, 45 mils, mechanically fastened, batten strps	2625		\$1.25	\$6,552.03
B30106100050	Gutters, box, aluminum, .027" thick, 5", enameled finish	103.5		\$0.22	\$1,168.24

B30106200100	Downspout, aluminum, rectangular, 2" x 3", embossed mill finish, .020" thick	82.8		\$0.10	\$508.36
C	Interiors		13.11%	\$26.60	\$139,666.91
C1010	Partitions			\$4.65	\$24,417.41
C10101241200	Wood partition, 5/8"fire rated gypsum board face, none base,2 x 4,@ 16" OC framing,same opposite face, 0 insul	1470		\$1.82	\$9,551.37
C10101241425	Wood partition, 5/8" fire rated gypsum board face, 1/4"sound deadening gypsum board, 2x4 @ 16" OC framing, same opposite face, sound attenuation insul	630		\$1.28	\$6,705.96
C10101280700	Gypsum board, 1 face only, exterior sheathing, fire resistant, 5/8"	3974.4		\$0.91	\$4,784.42
C10101280960	Add for the following: taping and finishing	3974.4		\$0.64	\$3,375.66
C1020	Interior Doors			\$4.16	\$21,855.33
C10201022600	Door, single leaf, kd steel frame, hollow metal, commercial quality, flush, 3'-0" x 7'-0" x 1-3/8"	16.83		\$4.16	\$21,855.33
C1030	Fittings			\$0.30	\$1,557.00
C10301100420	Toilet partitions, cubicles, ceiling hung, plastic laminate	1.31		\$0.30	\$1,557.00
C2010	Stair Construction			\$1.98	\$10,391.03
C20101101120	Stairs, wood, prefab box type, oak treads, wood rails 3'-6" wide, 14 risers	3.68		\$1.98	\$10,391.03
C3010	Wall Finishes			\$1.74	\$9,158.85
C30102300140	Painting, interior on plaster and drywall, walls & ceilings, roller work, primer & 2 coats	4200		\$0.90	\$4,705.81
C30102300140	Painting, interior on plaster and drywall, walls & ceilings, roller work, primer & 2 coats	3974.4		\$0.85	\$4,453.04
C3020	Floor Finishes			\$4.54	\$23,818.08
C30204100080	Carpet tile, nylon, fusion bonded, 18" x 18" or 24" x 24", 35 oz	3150		\$2.18	\$11,470.66
C30204101600	Vinyl, composition tile, maximum	1575		\$1.02	\$5,352.40
C30204101720	Tile, ceramic natural clay	525		\$1.33	\$6,995.02
C3030	Ceiling Finishes			\$9.23	\$48,469.21
C30302106000	Acoustic ceilings, 3/4" fiberglass board, 24" x 48" tile, tee grid, suspended support	5250		\$9.23	\$48,469.21
D	Services		40.94%	\$83.10	\$436,273.55
D1010	Elevators and Lifts			\$13.16	\$69,108.06
D10101108900	Hydraulic passenger elevator, 3000 lb, 3 floors,12' story height, 2 car group,125 FPM	0.52		\$13.16	\$69,108.06
D2010	Plumbing Fixtures			\$2.68	\$14,053.69
D20101102080	Water closet, vitreous china, bowl only with flush valve, wall hung	1.31		\$0.97	\$5,110.91
D20102102000	Urinal, vitreous china, wall hung	0.52		\$0.17	\$905.97
D20103101560	Lavatory w/trim, vanity top, PE on CI, 20" x 18"	1.05		\$0.38	\$1,992.03
D20104404340	Service sink w/trim, PE on CI,wall hung w/rim guard, 24" x 20"	0.79		\$0.78	\$4,070.23
D20108201920	Water cooler, electric, wall hung, wheelchair type, 7.5 GPH	0.79		\$0.38	\$1,974.55
D2020	Domestic Water Distribution			\$0.72	\$3,795.39
D20202501860	Gas fired water heater, commercial, 100< F rise, 100 MBH input, 91 GPH	0.26		\$0.72	\$3,795.39
D3050	Terminal & Package Units			\$20.45	\$107,386.13
D30501553960	Rooftop, multizone, air conditioner, offices, 25,000 SF, 79.16 ton	5250		\$20.45	\$107,386.13
D4010	Sprinklers			\$4.66	\$24,438.93
D40104100600	Wet pipe sprinkler systems, steel, light hazard, 1 floor, 5000 SF	1785		\$1.91	\$10,006.26
D40104100720	Wet pipe sprinkler systems, steel, light hazard, each additional floor, 5000 SF	3465		\$2.43	\$12,759.86
D40104108930	Standard High Rise Accessory Package 3 story	0.26		\$0.32	\$1,672.81
D4020	Standpipes			\$1.33	\$7,007.52
D40203101540	Wet standpipe risers, class III, steel, black, sch 40, 4" diam pipe, 1 floor	0.32		\$0.72	\$3,776.86
D40203101560	Wet standpipe risers, class III, steel, black, sch 40, 4" diam pipe, additional floors	1.18		\$0.62	\$3,230.66
D5010	Electrical Service/Distribution			\$16.00	\$84,007.54
D50101200440	Overhead service installation, includes breakers, metering, 20' conduit & wire, 3 phase, 4 wire, 120/208 V, 1000 A	1.25		\$4.32	\$22,692.66

D50102300440	Feeder installation 600 V, including RGS conduit and XHHW wire, 1000 A	100		\$5.56	\$29,206.60
D50102400320	Switchgear installation, incl switchboard, panels & circuit breaker, 120/208 V, 3 phase, 1200 A	1.2		\$6.12	\$32,108.28
D5020	Lighting and Branch Wiring			\$16.49	\$86,592.64
D50201100640	Receptacles incl plate, box, conduit, wire, 16.5 per 1000 SF, 2.0 W per SF, with transformer	5250		\$6.06	\$31,809.49
D50201350320	Miscellaneous power, 1.2 watts	5250		\$0.44	\$2,317.25
D50201400280	Central air conditioning power, 4 watts	5250		\$0.85	\$4,443.18
D50201452080	Motor installation, three phase, 460 V, 15 HP motor size	2		\$1.15	\$6,043.20
D50202100520	Fluorescent fixtures recess mounted in ceiling, 1.6 watt per SF, 40 FC, 10 fixtures @32watt per 1000 SF	6037.5		\$8.00	\$41,979.52
D5030	Communications and Security			\$7.60	\$39,882.90
D50303101020	Telephone wiring for offices & laboratories, 8 jacks/MSF	3937.5		\$2.14	\$11,260.07
D50309100454	Communication and alarm systems, fire detection, addressable, 50 detectors, includes outlets, boxes, conduit and wire	0.26		\$2.48	\$13,035.44
D50309100462	Fire alarm command center, addressable with voice, excl. wire & conduit	0.26		\$0.69	\$3,628.02
D50309200110	Internet wiring, 8 data/voice outlets per 1000 S.F.	3.94		\$2.28	\$11,959.37
E	Equipment & Furnishings		0.00%	\$0.00	\$0.00
E1090	Other Equipment			\$0.00	\$0.00
F	Special Construction		0.00%	\$0.00	\$0.00
G	Building Sitework		0.00%	\$0.00	\$0.00

SubTotal	100%	\$202.98	\$1,065,631.76
Contractor Fees (General Conditions,Overhead,Profit)	15.0 %	\$30.45	\$159,844.76
Architectural Fees	0.0 %	\$0.00	\$0.00
User Fees	0.0 %	\$0.00	\$0.00
Total Building Cost		\$233.42	\$1,225,476.52

COURTHOUSE BLOCK REDEVELOPMENT TIF DISTRICT

Code Deficiency Cost Report

Parcel 1 - 129 4th Street NW, Faribault, Minnesota 55021
Parcel ID 1831126266

Building Name or Type

Code	Related Cost Items	Unit Cost	Units	Unit Quantity	Total
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Accessibility Items

Parking

Create accessible parking per code	\$	100.00	EA	1	\$	100.00
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Accessible Route

Create an accessible route into the building per code	\$	500.00	Lump	1	\$	500.00
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Create a code required accessible route to all levels of the building	\$	13.16	SF	5,250	\$	69,090.00
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Restroom

Modify restroom to comply with accessible code	\$	1.52	SF	5,250	\$	7,980.00
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Structural Elements

Floor Joists

Floor joists should be replaced where improper locations of penetrations occur	\$	5,000.00	Lump	1	\$	5,000.00
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Exiting

Thresholds

Modify thresholds to comply with code for maximum height	\$	1,000.00	Lump	1	\$	1,000.00
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Stairways

Modify stairways to comply with code	\$	1.98	SF	5,250	\$	10,395.00
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Carpeting

Repair/replace damaged carpeting to create an unimpeded means for emergency egress per code	\$	2.18	SF	5,250	\$	11,445.00
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Door Hardware

Install code compliant door hardware	\$	250.00	EA	20	\$	5,000.00
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Glass Doors

Install code required 10-inch kick plates on glass doors	\$	100.00	EA	6	\$	600.00
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Fire Protection

Smoke Detectors

Install code compliant smoke detectors	\$	2.48	SF	5,250	\$	13,020.00
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Emergency Lighting System

Install code required emergency lighting system	\$	1.75	SF	5,250	\$	9,187.50
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Emergency Notification System

Install emergency notification system	\$	0.69	SF	5,250	\$	3,622.50
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Building Sprinkler System

Install building sprinkler system	\$	5.99	SF	5,250	\$	31,447.50
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Fire Caulking

Code	Related Cost Items	Unit Cost	Units	Unit Quantity	Total
	Install code required fire caulking at all through wall penetrations	\$ 750.00	Lump	1	\$ 750.00
Exterior Construction					
	Exterior Block and Mortar				
	Repair damage block and mortar prevent water intrusion per code	\$ 7,500.00	Lump	1	\$ 7,500.00
	Windows				
	Replace failed windows to prevent water intrusion per code	\$ 6.82	SF	5,250	\$ 35,805.00
Roof Construction					
	Roofing Material				
	Remove failed roofing material	\$ 0.25	SF	5,250	\$ 1,312.50
	Install roofing material to prevent water intrusion per code	\$ 1.25	SF	5,250	\$ 6,562.50
Mechanical- Electrical					
	Mechanical				
	Install code compliant HVAC system	\$ 20.45	SF	5,250	\$ 107,362.50
	Electrical				
	Install code compliant lighting system	\$ 8.00	SF	5,250	\$ 42,000.00
	Install code compliant electrical wiring system	\$ 6.06	SF	5,250	\$ 31,815.00
Total Code Improvements					\$ 401,495

Courthouse Block - Parcel 1 - 129 4th Street NW



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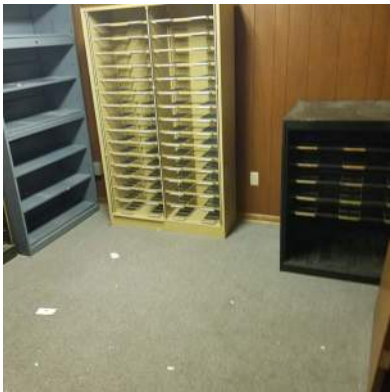


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Courthouse Block - Parcel 1 - 129 4th Street NW



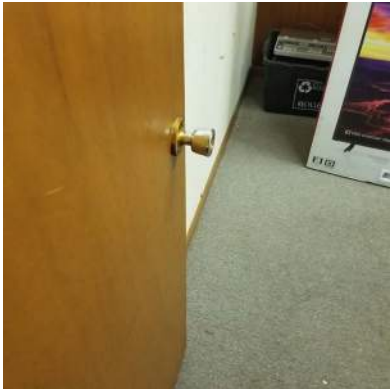
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Courthouse Block - Parcel 1 - 129 4th Street NW



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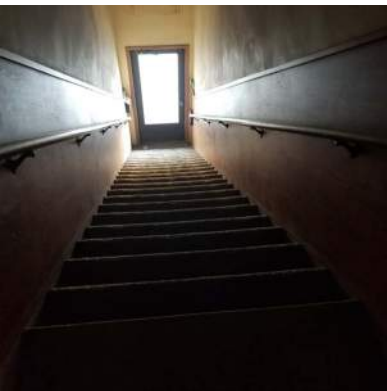
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Courthouse Block - Parcel 1 - 129 4th Street NW



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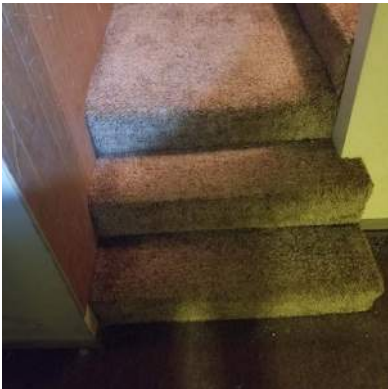
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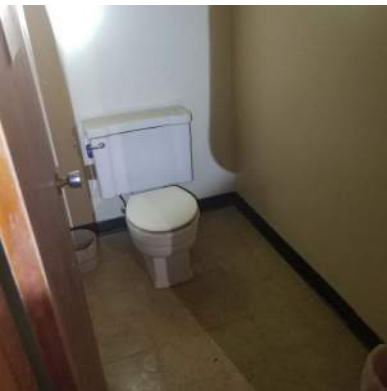
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Courthouse Block - Parcel 1 - 129 4th Street NW



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Courthouse Block - Parcel 1 - 129 4th Street NW



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Estimate Name:	125 4th Street NW	
Building Type:	Office, 1 Story Brick / Wood Frame	
Location:	FARIBAULT, MN	 Costs are derived from a building model with basic components. Scope differences and market conditions can cause costs to vary significantly.
Story Count:	1	
Story Height (L.F.):	16	
Floor Area (S.F.):	1248	
Labor Type:	OPN	
Basement Included:	Yes	
Data Release:	Year 2021 Quarter 1	
Cost Per Square Foot:	\$289.43	
Building Cost:	\$361,204.55	

		Quantity	% of Total	Cost Per S.F.	Cost
A	Substructure		21.03%	\$52.92	\$66,048.30
A1010	Standard Foundations			\$9.92	\$12,375.24
A10101102700	Strip footing, concrete, reinforced, load 11.1 KLF, soil bearing capacity 6 KSF, 12" deep x 24" wide	152		\$5.45	\$6,802.23
A10102107410	Spread footings, 3000 PSI concrete, load 100K, soil bearing capacity 6 KSF, 4' - 6" square x 15" deep	12.21		\$4.47	\$5,573.01
A1030	Slab on Grade			\$6.12	\$7,636.20
A10301202240	Slab on grade, 4" thick, non industrial, reinforced	1248		\$6.12	\$7,636.20
A2010	Basement Excavation			\$4.11	\$5,131.53
A20101104620	Excavate and fill, 10,000 SF, 8' deep, sand, gravel, or common earth, on site storage	1248		\$4.11	\$5,131.53
A2020	Basement Walls			\$32.78	\$40,905.33
A20201107260	Foundation wall, CIP, 12' wall height, pumped, .444 CY/LF, 21.59 PLF, 12" thick	152		\$32.78	\$40,905.33
B	Shell		34.23%	\$86.15	\$107,514.18
B1010	Floor Construction			\$32.98	\$41,155.48
B10102030860	Cast-in-place concrete column, 12" square, tied, 200K load, 12' story height, 142 lbs/LF, 4000PSI	146.54		\$10.11	\$12,623.27
B10102103450	Wood column, 8" x 8", 20' x 20' bay, 10' unsupported height, 133 BF/MSF, 160 PSF total allowable load	1248		\$0.54	\$678.41
B10102221720	Flat slab, concrete, with drop panels, 6" slab/2.5" panel, 12" column, 15'x15' bay, 75 PSF superimposed load, 153 PSF total load	1248		\$15.81	\$19,728.26
B10107203700	Fireproofing, gypsum board, fire rated, 2 layer, 1" thick, 14" steel column, 3 hour rating, 22 PLF	202.16		\$6.51	\$8,125.54
B1020	Roof Construction			\$6.48	\$8,087.04
B10201024100	Wood roof, flat rafter, 2" x 12", 12" O.C.	1248		\$6.48	\$8,087.04
B2010	Exterior Walls			\$27.09	\$33,807.17
B20101252650	Brick wall, utility, solid, single wythe, 4" thick, running bond	1945.6		\$25.35	\$31,635.46
B20101907600	Insulation, fiberglass batts, 6" thick, R19	1248		\$1.74	\$2,171.71
B2020	Exterior Windows			\$12.98	\$16,203.17
B20201066550	Windows, aluminum, awning, insulated glass, 4'-5" x 5'-3"	21.15		\$12.98	\$16,203.17
B2030	Exterior Doors			\$3.99	\$4,975.12
B20301106950	Door, aluminum & glass, with transom, narrow stile, double door, hardware, 6'-0" x 10'-0" opening	0.36		\$2.11	\$2,637.01
B20301107300	Door, aluminum & glass, with transom, bronze finish, hardware, 3'-0" x 10'-0" opening	0.36		\$1.08	\$1,343.19
B20302203450	Door, steel 18 gauge, hollow metal, 1 door with frame, no label, 3'-0" x 7'-0" opening	0.36		\$0.80	\$994.92
B3010	Roof Coverings			\$2.63	\$3,286.20
B30101202200	Roofing, single ply membrane, EPDM, 45 mils, mechanically fastened, batten strps	1248		\$1.89	\$2,358.72
B30106100200	Gutters, box, aluminum, .032" thick, 5", enameled finish	76		\$0.59	\$732.41
B30106200200	Downspout, aluminum, rectangular, 2" x 3", enameled, .024" thick	30.4		\$0.16	\$195.07
C	Interiors		10.19%	\$25.64	\$32,002.82
C1010	Partitions			\$6.00	\$7,487.67

C10101241200	Wood partition, 5/8" fire rated gypsum board face, none base, 2 x 4, @ 16" OC framing, same opposite face, 0 insul	436.8		\$1.93	\$2,412.65
C10101241425	Wood partition, 5/8" fire rated gypsum board face, 1/4" sound deadening gypsum board, 2x4 @ 16" OC framing, same opposite face, sound attenuation insul	187.2		\$1.37	\$1,704.11
C10101280700	Gypsum board, 1 face only, exterior sheathing, fire resistant, 5/8"	1945.6		\$1.63	\$2,030.27
C10101280960	Add for the following: taping and finishing	1945.6		\$1.07	\$1,340.64
C1020	Interior Doors			\$3.88	\$4,845.67
C10201022600	Door, single leaf, kd steel frame, hollow metal, commercial quality, flush, 3'-0" x 7'-0" x 1-3/8"	3.92		\$3.88	\$4,845.67
C1030	Fittings			\$0.47	\$592.29
C10301100420	Toilet partitions, cubicles, ceiling hung, plastic laminate	0.53		\$0.47	\$592.29
C3010	Wall Finishes			\$2.39	\$2,987.55
C30102300140	Painting, interior on plaster and drywall, walls & ceilings, roller work, primer & 2 coats	1248		\$0.94	\$1,167.48
C30102300140	Painting, interior on plaster and drywall, walls & ceilings, roller work, primer & 2 coats	1945.6		\$1.46	\$1,820.07
C3020	Floor Finishes			\$4.17	\$5,198.72
C30204100080	Carpet tile, nylon, fusion bonded, 18" x 18" or 24" x 24", 35 oz	748.8		\$2.06	\$2,569.78
C30204101600	Vinyl, composition tile, maximum	374.4		\$0.93	\$1,161.55
C30204101720	Tile, ceramic natural clay	124.8		\$1.18	\$1,467.39
C3030	Ceiling Finishes			\$8.73	\$10,890.92
C30302106000	Acoustic ceilings, 3/4" fiberglass board, 24" x 48" tile, tee grid, suspended support	1248		\$8.73	\$10,890.92
D	Services		34.55%	\$86.96	\$108,525.61
D2010	Plumbing Fixtures			\$3.48	\$4,340.79
D20101102080	Water closet, vitreous china, bowl only with flush valve, wall hung	0.53		\$1.54	\$1,925.10
D20102102000	Urinal, vitreous china, wall hung	0.18		\$0.21	\$256.16
D20103101560	Lavatory w/trim, vanity top, PE on CI, 20" x 18"	0.53		\$0.70	\$875.98
D20104404340	Service sink w/trim, PE on CI, wall hung w/rim guard, 24" x 20"	0.18		\$0.68	\$847.91
D20108202080	Water cooler, electric, floor mounted, dual height, 14.3 GPH	0.18		\$0.35	\$435.64
D2020	Domestic Water Distribution			\$1.96	\$2,451.65
D20202501860	Gas fired water heater, commercial, 100< F rise, 100 MBH input, 91 GPH	0.18		\$1.96	\$2,451.65
D3050	Terminal & Package Units			\$21.14	\$26,383.53
D30501553840	Rooftop, multizone, air conditioner, offices, 10,000 SF, 31.66 ton	1248		\$21.14	\$26,383.53
D4010	Sprinklers			\$3.58	\$4,462.49
D40104100620	Wet pipe sprinkler systems, steel, light hazard, 1 floor, 10,000 SF	1248		\$3.58	\$4,462.49
D4020	Standpipes			\$1.84	\$2,300.33
D40203101540	Wet standpipe risers, class III, steel, black, sch 40, 4" diam pipe, 1 floor	0.21		\$1.84	\$2,300.33
D5010	Electrical Service/Distribution			\$30.26	\$37,769.93
D50101200320	Overhead service installation, includes breakers, metering, 20' conduit & wire, 3 phase, 4 wire, 120/208 V, 400 A	1.25		\$6.38	\$7,964.38
D50102300320	Feeder installation 600 V, including RGS conduit and XHHW wire, 400 A	100		\$7.38	\$9,215.35
D50102400240	Switchgear installation, incl switchboard, panels & circuit breaker, 120/208 V, 3 phase, 600 A	1.2		\$16.50	\$20,590.20
D5020	Lighting and Branch Wiring			\$17.28	\$21,563.94
D50201100640	Receptacles incl plate, box, conduit, wire, 16.5 per 1000 SF, 2.0 W per SF, with transformer	1248		\$5.15	\$6,424.34
D50201350320	Miscellaneous power, 1.2 watts	1248		\$0.37	\$461.06
D50201400280	Central air conditioning power, 4 watts	1248		\$0.73	\$906.57
D50201452080	Motor installation, three phase, 460 V, 15 HP motor size	2		\$4.17	\$5,203.90
D50202100520	Fluorescent fixtures recess mounted in ceiling, 1.6 watt per SF, 40 FC, 10 fixtures @ 32 watt per 1000 SF	1435.2		\$6.87	\$8,568.07
D5030	Communications and Security			\$7.41	\$9,252.95
D50303101020	Telephone wiring for offices & laboratories, 8 jacks/MSF	936		\$1.79	\$2,239.00
D50309100452	Communication and alarm systems, fire detection, addressable, 25 detectors, includes outlets, boxes, conduit and wire	0.18		\$3.20	\$3,998.78

D50309100460	Fire alarm command center, addressable without voice, excl. wire & conduit	0.18		\$0.50	\$621.16
D50309200110	Internet wiring, 8 data/voice outlets per 1000 S.F.	0.94		\$1.92	\$2,394.01
E	Equipment & Furnishings		0.00%	\$0.00	\$0.00
E1090	Other Equipment			\$0.00	\$0.00
F	Special Construction		0.00%	\$0.00	\$0.00
G	Building Sitework		0.00%	\$0.00	\$0.00
SubTotal			100%	\$251.68	\$314,090.91
Contractor Fees (General Conditions,Overhead,Profit)			15.0 %	\$37.75	\$47,113.64
Architectural Fees			0.0 %	\$0.00	\$0.00
User Fees			0.0 %	\$0.00	\$0.00
Total Building Cost				\$289.43	\$361,204.55

COURTHOUSE BLOCK REDEVELOPMENT TIF DISTRICT

Code Deficiency Cost Report

Parcel 2 - 125 4th Street NW, Faribault, Minnesota 55021

Building Name or Type

Parcel ID 1831126265

Code	Related Cost Items	Unit Cost	Units	Unit Quantity	Total
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Accessibility Items

Parking

Create accessible parking per code	\$ 100.00	EA	1	\$	100.00
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Accessible Route

Create an accessible route into the building per code	\$ 500.00	Lump	1	\$	500.00
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Restroom

Modify restroom to comply with accessible code	\$ 2.45	SF	1,248	\$	3,057.60
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Structural Elements

\$ -

Exiting

Thresholds

Modify thresholds to comply with code for maximum height	\$ 100.00	EA	3	\$	300.00
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Door Hardware

Install code compliant door hardware	\$ 250.00	EA	10	\$	2,500.00
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Stairway

Modify basement stairway to comply with code	\$ 0.75	SF	1,248	\$	936.00
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Fire Protection

Smoke Detectors

Install code compliant smoke detectors	\$ 3.20	SF	1,248	\$	3,993.60
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Emergency Lighting System

Install code required emergency lighting system	\$ 2.20	SF	1,248	\$	2,745.60
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Emergency Notification System

Install emergency notification system	\$ 0.50	SF	1,248	\$	624.00
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Building Sprinkler System

Install building sprinkler system	\$ 5.42	SF	1,248	\$	6,764.16
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Fire Caulking

Install code required fire caulking at through wall penetrations	\$ 500.00	Lump	1	\$	500.00
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Exterior Construction

Exterior Block and Mortar

Repair damage block and mortar prevent water intrusion per code	\$ 5,000.00	Lump	1	\$	5,000.00
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Windows

Replace failed windows to prevent water intrusion per code	\$ 12.98	SF	1,248	\$	16,199.04
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Code	Related Cost Items	Unit Cost	Units	Unit Quantity	Total
Roof Construction					
	Roofing Material				
	Remove failed roofing material	\$ 0.50	SF	1,248	\$ 624.00
	Install roofing material to prevent water intrusion per code	\$ 2.63	SF	1,248	\$ 3,282.24
Mechanical- Electrical					
	Mechanical				
	Install code compliant HVAC system	\$ 21.14	SF	1,248	\$ 26,382.72
	Electrical				
	Install code compliant lighting system	\$ 6.87	SF	1,248	\$ 8,573.76
	Install code compliant electrical wiring	\$ 5.15	SF	1,248	\$ 6,427.20
Total Code Improvements					\$ 88,510

Courthouse Block - Parcel 2 - 125 4th Street NW



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Courthouse Block - Parcel 2 - 125 4th Street NW



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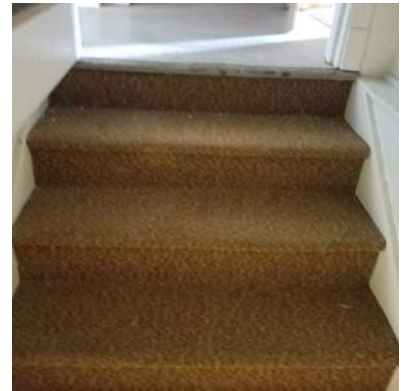
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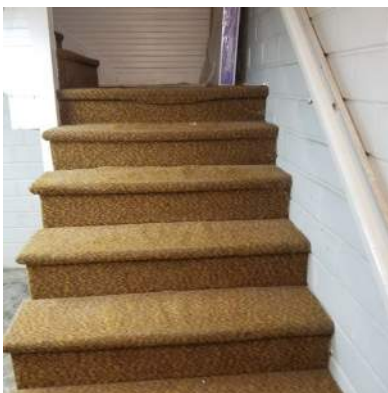
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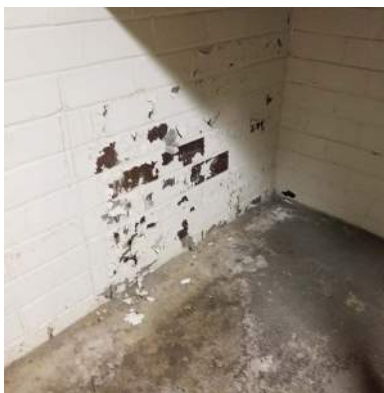
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Courthouse Block - Parcel 2 - 125 4th Street NW



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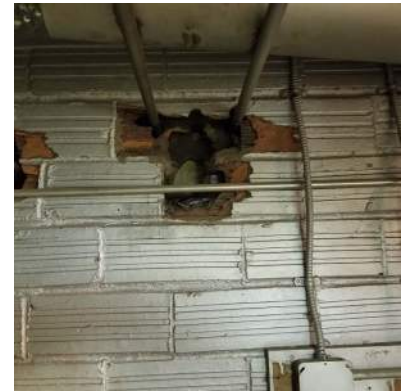
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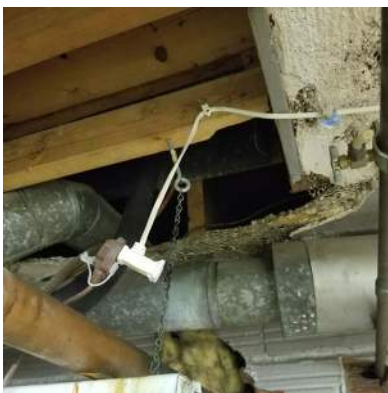
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Courthouse Block - Parcel 2 - 125 4th Street NW



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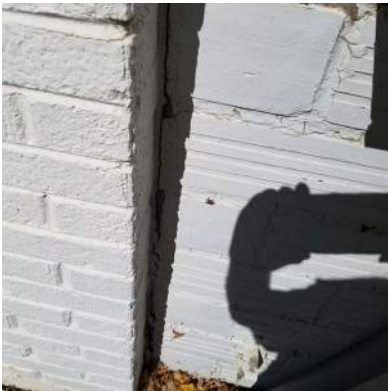
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Estimate Name:	119 4th Street NW	
Building Type:	1 Story with Brick Veneer / Reinforced Concrete	
Location:	FARIBAULT, MN	 Costs are derived from a building model with basic components. Scope differences and market conditions can cause costs to vary significantly.
Story Count:	1	
Story Height (L.F.):	16	
Floor Area (S.F.):	4320	
Labor Type:	OPN	
Basement Included:	No	
Data Release:	Year 2021 Quarter 1	
Cost Per Square Foot:	\$214.91	
Building Cost:	\$928,406.24	

		Quantity	% of Total	Cost Per S.F.	Cost
A	Substructure		10.87%	\$20.31	\$87,743.15
A1010	Standard Foundations			\$13.83	\$59,763.37
A10101051560	Foundation wall, CIP, 4' wall height, direct chute, .148 CY/LF, 7.2 PLF, 12" thick	400		\$8.13	\$35,103.40
A10101102700	Strip footing, concrete, reinforced, load 11.1 KLF, soil bearing capacity 6 KSF, 12" deep x 24" wide	400		\$4.14	\$17,900.60
A10102107410	Spread footings, 3000 PSI concrete, load 100K, soil bearing capacity 6 KSF, 4' - 6" square x 15" deep	14.81		\$1.56	\$6,759.37
A1030	Slab on Grade			\$6.12	\$26,433.00
A10301202240	Slab on grade, 4" thick, non industrial, reinforced	4320		\$6.12	\$26,433.00
A2010	Basement Excavation			\$0.36	\$1,546.78
A20101104560	Excavate and fill, 10,000 SF, 4' deep, sand, gravel, or common earth, on site storage	4320		\$0.36	\$1,546.78
B	Shell		47.25%	\$88.30	\$381,465.51
B1010	Floor Construction			\$5.31	\$22,933.89
B10102049913	Cast-in-place concrete column, 12", square, tied, minimum reinforcing, 150K load, 10'-14' story height, 135 lbs/LF, 4000PSI	320		\$5.31	\$22,933.89
B1020	Roof Construction			\$5.23	\$22,593.60
B10201161700	Roof, steel joists, 1.5" 22 ga metal deck, on bearing walls, 30' bay, 19.5" deep, 20 PSF superimposed load, 40 PSF total load	4320		\$5.23	\$22,593.60
B2010	Exterior Walls			\$51.80	\$223,793.66
B20101321201	Brick wall, composite double wythe, standard face/CMU back-up, 8" thick, perlite core fill, 3" XPS	5120		\$51.80	\$223,793.66
B2020	Exterior Windows			\$9.87	\$42,639.92
B20201066550	Windows, aluminum, awning, insulated glass, 4'-5" x 5'-3"	55.65		\$9.87	\$42,639.92
B2030	Exterior Doors			\$3.99	\$17,221.57
B20301106950	Door, aluminum & glass, with transom, narrow stile, double door, hardware, 6'-0" x 10'-0" opening	1.23		\$2.11	\$9,128.10
B20301107300	Door, aluminum & glass, with transom, bronze finish, hardware, 3'-0" x 10'-0" opening	1.23		\$1.08	\$4,649.52
B20302203450	Door, steel 18 gauge, hollow metal, 1 door with frame, no label, 3'-0" x 7'-0" opening	1.23		\$0.80	\$3,443.95
B3010	Roof Coverings			\$10.90	\$47,077.11
B30101203400	Roofing, single ply membrane, EPDM, 60 mils, loosely laid, stone ballast	4320		\$1.96	\$8,445.82
B30103202700	Insulation, rigid, roof deck, extruded polystyrene, 40 PSI compressive strength, 4" thick, R20	4320		\$4.19	\$18,101.53
B30104201400	Roof edges, aluminum, duranodic, .050" thick, 6" face	400		\$2.76	\$11,916.68
B30104300040	Flashing, aluminum, no backing sides, .019"	400		\$0.54	\$2,327.86
B30106305400	Gravel stop, aluminum, extruded, 8", duranodic, .050" thick	400		\$1.45	\$6,285.22
B3020	Roof Openings			\$1.21	\$5,205.76
B30202100300	Roof hatch, with curb, 1" fiberglass insulation, 2'-6" x 3'-0", galvanized steel, 165 lbs	1.23		\$0.38	\$1,659.25
B30202100500	Roof hatch, with curb, 1" fiberglass insulation, 2'-6" x 4'-6", aluminum curb and cover, 150lbs	1		\$0.36	\$1,546.23
B30202102100	Smoke hatch, unlabeled, galvanized, 2'-6" x 3', not incl hand winch operator	1.23		\$0.46	\$2,000.28
C	Interiors		7.98%	\$14.92	\$64,458.20

C1010	Partitions			\$4.60	\$19,873.38
C10101265400	Metal partition, 5/8" fire rated gypsum board face, no base, 3 - 5/8" @ 24" OC framing, same opposite face, no insulation	1512		\$1.65	\$7,109.24
C10101265425	Metal partition, 5/8" fire rated gypsum board face, no base, 3 - 5/8" @ 24" OC framing, same opposite face, sound attenuation insulation	648		\$0.90	\$3,893.33
C10101280700	Gypsum board, 1 face only, exterior sheathing, fire resistant, 5/8"	5120		\$1.24	\$5,342.82
C10101280960	Add for the following: taping and finishing	5120		\$0.82	\$3,527.99
C1020	Interior Doors			\$3.88	\$16,773.49
C10201022600	Door, single leaf, kd steel frame, hollow metal, commercial quality, flush, 3'-0" x 7'-0" x 1-3/8"	13.58		\$3.88	\$16,773.49
C1030	Fittings			\$0.47	\$2,050.22
C10301100420	Toilet partitions, cubicles, ceiling hung, plastic laminate	1.85		\$0.47	\$2,050.22
C3010	Wall Finishes			\$2.04	\$8,830.93
C30102300140	Painting, interior on plaster and drywall, walls & ceilings, roller work, primer & 2 coats	4320		\$0.94	\$4,041.27
C30102300140	Painting, interior on plaster and drywall, walls & ceilings, roller work, primer & 2 coats	5120		\$1.11	\$4,789.66
C3020	Floor Finishes			\$2.11	\$9,100.18
C30204101600	Vinyl, composition tile, maximum	1296		\$0.93	\$4,020.75
C30204101720	Tile, ceramic natural clay	432		\$1.18	\$5,079.43
C3030	Ceiling Finishes			\$1.81	\$7,830.00
C30302107400	Acoustic ceilings, 3/4" mineral fiber, 12" x 12" tile, concealed 2" bar & channel grid, suspended support	1000		\$1.81	\$7,830.00
D	Services		33.90%	\$63.34	\$273,642.91
D2010	Plumbing Fixtures			\$3.48	\$15,025.81
D20101102080	Water closet, vitreous china, bowl only with flush valve, wall hung	1.85		\$1.54	\$6,663.80
D20102102000	Urinal, vitreous china, wall hung	0.62		\$0.21	\$886.71
D20103101560	Lavatory w/trim, vanity top, PE on CI, 20" x 18"	1.85		\$0.70	\$3,032.25
D20104404340	Service sink w/trim, PE on CI, wall hung w/rim guard, 24" x 20"	0.62		\$0.68	\$2,935.07
D20108202080	Water cooler, electric, floor mounted, dual height, 14.3 GPH	0.62		\$0.35	\$1,507.98
D2020	Domestic Water Distribution			\$1.96	\$8,486.47
D20202501860	Gas fired water heater, commercial, 100< F rise, 100 MBH input, 91 GPH	0.62		\$1.96	\$8,486.47
D2040	Rain Water Drainage			\$0.87	\$3,759.09
D20402102040	Roof drain, DWV PVC, 4" diam, diam, 10' high	2.47		\$0.81	\$3,481.80
D20402102080	Roof drain, DWV PVC, 4" diam, for each additional foot add	8		\$0.06	\$277.29
D3050	Terminal & Package Units			\$21.14	\$91,327.61
D30501553840	Rooftop, multizone, air conditioner, offices, 10,000 SF, 31.66 ton	4320		\$21.14	\$91,327.61
D4010	Sprinklers			\$3.58	\$15,447.07
D40104100620	Wet pipe sprinkler systems, steel, light hazard, 1 floor, 10,000 SF	4320		\$3.58	\$15,447.07
D4020	Standpipes			\$1.84	\$7,962.68
D40203101540	Wet standpipe risers, class III, steel, black, sch 40, 4" diam pipe, 1 floor	0.74		\$1.84	\$7,962.68
D5010	Electrical Service/Distribution			\$8.74	\$37,769.93
D50101200320	Overhead service installation, includes breakers, metering, 20' conduit & wire, 3 phase, 4 wire, 120/208 V, 400 A	1.25		\$1.84	\$7,964.38
D50102300320	Feeder installation 600 V, including RGS conduit and XHHW wire, 400 A	100		\$2.13	\$9,215.35
D50102400240	Switchgear installation, incl switchboard, panels & circuit breaker, 120/208 V, 3 phase, 600 A	1.2		\$4.77	\$20,590.20
D5020	Lighting and Branch Wiring			\$14.31	\$61,834.83
D50201100640	Receptacles incl plate, box, conduit, wire, 16.5 per 1000 SF, 2.0 W per SF, with transformer	4320		\$5.15	\$22,238.11
D50201350320	Miscellaneous power, 1.2 watts	4320		\$0.37	\$1,595.98
D50201400280	Central air conditioning power, 4 watts	4320		\$0.73	\$3,138.13
D50201452080	Motor installation, three phase, 460 V, 15 HP motor size	2		\$1.20	\$5,203.90
D50202100520	Fluorescent fixtures recess mounted in ceiling, 1.6 watt per SF, 40 FC, 10 fixtures @ 32 watt per 1000 SF	4968		\$6.87	\$29,658.71
D5030	Communications and Security			\$7.41	\$32,029.42

D50303101020	Telephone wiring for offices & laboratories, 8 jacks/MSF	3240		\$1.79	\$7,750.37
D50309100452	Communication and alarm systems, fire detection, addressable, 25 detectors, includes outlets, boxes, conduit and wire	0.62		\$3.20	\$13,841.93
D50309100460	Fire alarm command center, addressable without voice, excl. wire & conduit	0.62		\$0.50	\$2,150.17
D50309200110	Internet wiring, 8 data/voice outlets per 1000 S.F.	3.24		\$1.92	\$8,286.95
E	Equipment & Furnishings		0.00%	\$0.00	\$0.00
E1090	Other Equipment			\$0.00	\$0.00
F	Special Construction		0.00%	\$0.00	\$0.00
G	Building Sitework		0.00%	\$0.00	\$0.00

SubTotal		100%	\$186.88	\$807,309.77
Contractor Fees (General Conditions,Overhead,Profit)		15.0 %	\$28.03	\$121,096.47
Architectural Fees		0.0 %	\$0.00	\$0.00
User Fees		0.0 %	\$0.00	\$0.00
Total Building Cost			\$214.91	\$928,406.24

COURTHOUSE BLOCK REDEVELOPMENT TIF DISTRICT

Code Deficiency Cost Report

Parcel 3 - 119 4th Street NW, Faribault, Minnesota 55021

Building Name or Type

Parcel ID 1831126264

Code	Related Cost Items	Unit Cost	Units	Unit Quantity	Total
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Accessibility Items

Parking

Create accessible parking per code	\$	100.00	EA	1	\$	100.00
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Restroom

Modify restroom to comply with accessible code	\$	2.45	SF	4,320	\$	10,584.00
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Open Floor Trip Hazards

Correct open floor trip hazards to comply with OSHA code	\$	500.00	Lump	1	\$	500.00
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Structural Elements

\$ -

Exiting

Thresholds

Modify thresholds to comply with code for maximum height	\$	100.00	EA	2	\$	200.00
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Door Hardware

Install code compliant door hardware	\$	250.00	EA	10	\$	2,500.00
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Glass Doors

Install code required 10-inch kick plates	\$	100.00	EA	2	\$	200.00
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Fire Protection

Smoke Detectors

Install code compliant smoke detectors	\$	3.20	SF	4,320	\$	13,824.00
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Emergency Lighting System

Install code required emergency lighting system	\$	0.50	SF	4,320	\$	2,160.00
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Emergency Notification System

Install code required emergency notification system	\$	0.65	SF	4,320	\$	2,808.00
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Building Sprinkler System

Install code required building sprinkler system	\$	5.42	SF	4,320	\$	23,414.40
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Through Wall Fire Caulking

Install through wall fire caulking per code	\$	500.00	Lump	1	\$	500.00
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Exterior Construction

Exterior Block and Mortar

Repair damage block and mortar prevent water intrusion per code	\$	5,000.00	Lump	1	\$	5,000.00
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Code	Related Cost Items	Unit Cost	Units	Unit Quantity	Total
	Windows				
	Replace failed windows to prevent water intrusion per code	\$ 9.87	SF	4,320	\$ 42,638.40
	Roof Construction				
	Roofing Material				
	Remove failed roofing material	\$ 0.45	SF	4,320	\$ 1,944.00
	Install roofing material to prevent water intrusion per code	\$ 10.90	SF	4,320	\$ 47,088.00
	Mechanical- Electrical				
	Mechanical				
	Install code compliant HVAC system	\$ 21.14	SF	4,320	\$ 91,324.80
	Properly vent hazardous materials cabinet to comply with OSHA code	\$ 500.00	Lump	1	\$ 500.00
	Electrical				
	Install code compliant lighting system	\$ 6.87	SF	4,320	\$ 29,678.40
	Install code compliant electrical wiring system	\$ 5.15	SF	4,320	\$ 22,248.00
	Install protective devices in circuit breaker panels to comply with OSHA code	\$ 100.00	Lump	1	\$ 100.00
Total Code Improvements					\$ 297,312

Courthouse Block - Parcel 3 - 119 4th Street NW



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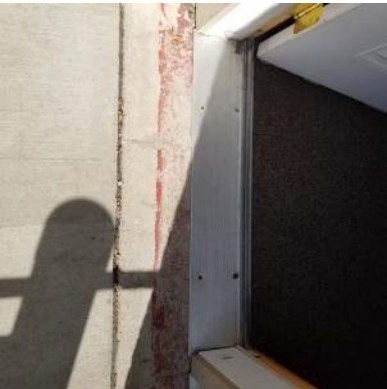
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Courthouse Block - Parcel 3 - 119 4th Street NW



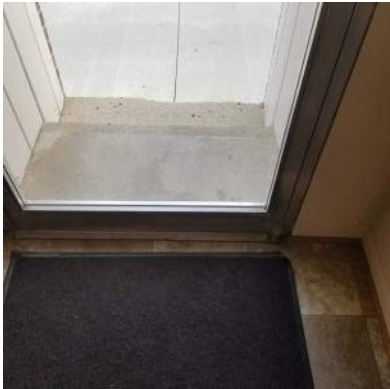
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Courthouse Block - Parcel 3 - 119 4th Street NW



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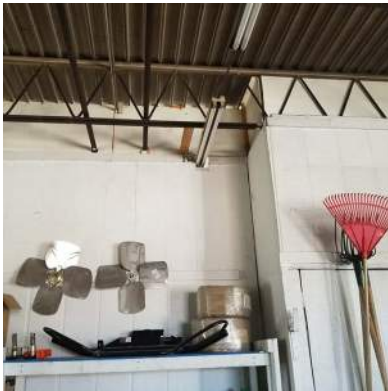
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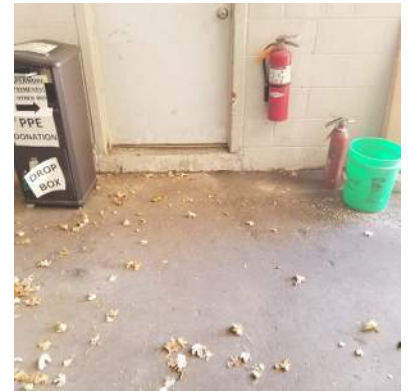
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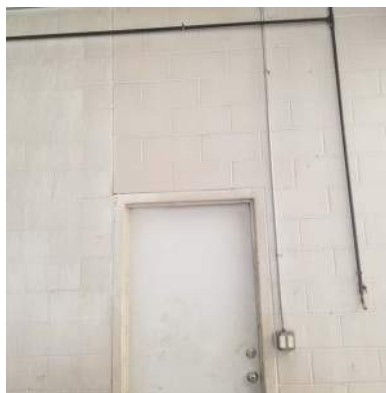
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Courthouse Block - Parcel 3 - 119 4th Street NW



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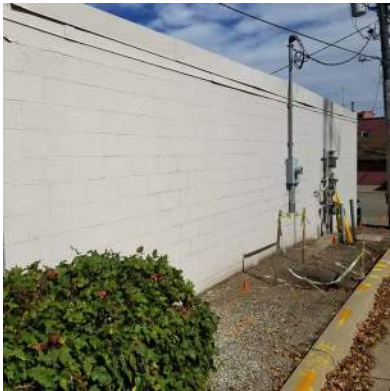
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Courthouse Block - Parcel 3 - 119 4th Street NW



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Estimate Name:	101 4th Street NW	
Building Type:	1 Story with Reinforced Concrete	
Location:	Faribault, MN	 Costs are derived from a building model with basic components. Scope differences and market conditions can cause costs to vary significantly.
Story Count:	1	
Story Height (L.F.):	12.00	
Floor Area (S.F.):	2220	
Labor Type:	OPN	
Basement Included:	No	
Data Release:	Year 2021 Quarter 1	
Cost Per Square Foot:	\$226.94	
Building Cost:	\$503,811.00	

		Quantity	% of Total	Cost Per S.F.	Cost
A	Substructure		9.37%	\$18.49	\$41,041.32
A1010	Standard Foundations			\$12.01	\$26,662.82
A10101051560	Foundation wall, CIP, 4' wall height, direct chute, .148 CY/LF, 7.2 PLF, 12" thick	175		\$6.92	\$15,357.74
A10101102700	Strip footing, concrete, reinforced, load 11.1 KLF, soil bearing capacity 6 KSF, 12" deep x 24" wide	175		\$3.53	\$7,831.51
A10102107410	Spread footings, 3000 PSI concrete, load 100K, soil bearing capacity 6 KSF, 4' - 6" square x 15" deep	7.61		\$1.56	\$3,473.57
A1030	Slab on Grade			\$6.12	\$13,583.63
A10301202240	Slab on grade, 4" thick, non industrial, reinforced	2220		\$6.12	\$13,583.63
A2010	Basement Excavation			\$0.36	\$794.87
A20101104560	Excavate and fill, 10,000 SF, 4' deep, sand, gravel, or common earth, on site storage	2220		\$0.36	\$794.87
B	Shell		42.24%	\$83.36	\$185,056.78
B1010	Floor Construction			\$41.96	\$93,141.00
B10102049913	Cast-in-place concrete column, 12", square, tied, minimum reinforcing, 150K load, 10'-14' story height, 135 lbs/LF, 4000PSI	140		\$4.52	\$10,033.58
B10102154450	Concrete I beam, precast, 18" x 36", 790 PLF, 25' span, 6.44 KLF superimposed load	119		\$20.21	\$44,858.60
B10102357800	Precast concrete double T beam, 2" topping, 24" deep x 8' wide, 50' span, 75 PSF superimposed load, 165 PSF total load	2220		\$17.23	\$38,248.82
B2010	Exterior Walls			\$19.38	\$43,023.60
B20101171840	Concrete block (CMU) wall, split face, 75% solid, regular weight, 8x4x16, 0 score	2220		\$19.38	\$43,023.60
B2020	Exterior Windows			\$6.30	\$13,991.22
B20201066550	Windows, aluminum, awning, insulated glass, 4'-5" x 5'-3"	18.26		\$6.30	\$13,991.22
B2030	Exterior Doors			\$3.99	\$8,849.98
B20301106950	Door, aluminum & glass, with transom, narrow stile, double door, hardware, 6'-0" x 10'-0" opening	0.63		\$2.11	\$4,690.83
B20301107300	Door, aluminum & glass, with transom, bronze finish, hardware, 3'-0" x 10'-0" opening	0.63		\$1.08	\$2,389.34
B20302203450	Door, steel 18 gauge, hollow metal, 1 door with frame, no label, 3'-0" x 7'-0" opening	0.63		\$0.80	\$1,769.81
B3010	Roof Coverings			\$10.19	\$22,624.16
B30101203400	Roofing, single ply membrane, EPDM, 60 mils, loosely laid, stone ballast	2220		\$1.96	\$4,340.21
B30103202700	Insulation, rigid, roof deck, extruded polystyrene, 40 PSI compressive strength, 4" thick, R20	2220		\$4.19	\$9,302.18
B30104201400	Roof edges, aluminum, duranodic, .050" thick, 6" face	175		\$2.35	\$5,213.55
B30104300040	Flashing, aluminum, no backing sides, .019"	175		\$0.46	\$1,018.44
B30106305400	Gravel stop, aluminum, extruded, 8", duranodic, .050" thick	175		\$1.24	\$2,749.78
B3020	Roof Openings			\$1.54	\$3,426.82
B30202100300	Roof hatch, with curb, 1" fiberglass insulation, 2'-6" x 3'-0", galvanized steel, 165 lbs	0.63		\$0.38	\$852.67
B30202100500	Roof hatch, with curb, 1" fiberglass insulation, 2'-6" x 4'-6", aluminum curb and cover, 150lbs	1		\$0.70	\$1,546.23
B30202102100	Smoke hatch, unlabeled, galvanized, 2'-6" x 3', not incl hand winch operator	0.63		\$0.46	\$1,027.92

C	Interiors		11.53%	\$22.75	\$50,507.51
C1010	Partitions			\$3.86	\$8,564.83
C10101265400	Metal partition, 5/8" fire rated gypsum board face, no base, 3 -5/8" @ 24" OC framing, same opposite face, no insulation	777		\$1.65	\$3,653.36
C10101265425	Metal partition, 5/8" fire rated gypsum board face, no base, 3 -5/8" @ 24" OC framing, same opposite face, sound attenuation insulation	333		\$0.90	\$2,000.74
C10101280700	Gypsum board, 1 face only, exterior sheathing, fire resistant, 5/8"	1680		\$0.79	\$1,753.11
C10101280960	Add for the following: taping and finishing	1680		\$0.52	\$1,157.62
C1020	Interior Doors			\$3.88	\$8,619.71
C10201022600	Door, single leaf, kd steel frame, hollow metal, commercial quality, flush, 3'-0" x 7'-0" x 1-3/8"	6.98		\$3.88	\$8,619.71
C1030	Fittings			\$0.47	\$1,053.59
C10301100420	Toilet partitions, cubicles, ceiling hung, plastic laminate	0.95		\$0.47	\$1,053.59
C3010	Wall Finishes			\$1.64	\$3,648.38
C30102300140	Painting, interior on plaster and drywall, walls & ceilings, roller work, primer & 2 coats	2220		\$0.94	\$2,076.77
C30102300140	Painting, interior on plaster and drywall, walls & ceilings, roller work, primer & 2 coats	1680		\$0.71	\$1,571.61
C3020	Floor Finishes			\$4.17	\$9,247.73
C30204100080	Carpet tile, nylon, fusion bonded, 18" x 18" or 24" x 24", 35 oz	1332		\$2.06	\$4,571.25
C30204101600	Vinyl, composition tile, maximum	666		\$0.93	\$2,066.22
C30204101720	Tile, ceramic natural clay	222		\$1.18	\$2,610.26
C3030	Ceiling Finishes			\$8.73	\$19,373.27
C30302106000	Acoustic ceilings, 3/4" fiberglass board, 24" x 48" tile, tee grid, suspended support	2220		\$8.73	\$19,373.27
D	Services		36.86%	\$72.74	\$161,490.91
D2010	Plumbing Fixtures			\$3.48	\$7,721.59
D20101102080	Water closet, vitreous china, bowl only with flush valve, wall hung	0.95		\$1.54	\$3,424.45
D20102102000	Urinal, vitreous china, wall hung	0.32		\$0.21	\$455.67
D20103101560	Lavatory w/trim, vanity top, PE on CI, 20" x 18"	0.95		\$0.70	\$1,558.24
D20104404340	Service sink w/trim, PE on CI, wall hung w/rim guard, 24" x 20"	0.32		\$0.68	\$1,508.30
D20108202080	Water cooler, electric, floor mounted, dual height, 14.3 GPH	0.32		\$0.35	\$774.93
D2020	Domestic Water Distribution			\$1.96	\$4,361.10
D20202501860	Gas fired water heater, commercial, 100< F rise, 100 MBH input, 91 GPH	0.32		\$1.96	\$4,361.10
D2040	Rain Water Drainage			\$0.86	\$1,910.57
D20402102040	Roof drain, DWV PVC, 4" diam, diam, 10' high	1.27		\$0.81	\$1,789.26
D20402102080	Roof drain, DWV PVC, 4" diam, for each additional foot add	3.5		\$0.05	\$121.31
D3050	Terminal & Package Units			\$21.14	\$46,932.24
D30501553840	Rooftop, multizone, air conditioner, offices, 10,000 SF, 31.66 ton	2220		\$21.14	\$46,932.24
D4010	Sprinklers			\$3.58	\$7,938.08
D40104100620	Wet pipe sprinkler systems, steel, light hazard, 1 floor, 10,000 SF	2220		\$3.58	\$7,938.08
D4020	Standpipes			\$1.84	\$4,091.93
D40203101540	Wet standpipe risers, class III, steel, black, sch 40, 4" diam pipe, 1 floor	0.38		\$1.84	\$4,091.93
D5010	Electrical Service/Distribution			\$17.01	\$37,769.93
D50101200320	Overhead service installation, includes breakers, metering, 20' conduit & wire, 3 phase, 4 wire, 120/208 V, 400 A	1.25		\$3.59	\$7,964.38
D50102300320	Feeder installation 600 V, including RGS conduit and XHHW wire, 400 A	100		\$4.15	\$9,215.35
D50102400240	Switchgear installation, incl switchboard, panels & circuit breaker, 120/208 V, 3 phase, 600 A	1.2		\$9.27	\$20,590.20
D5020	Lighting and Branch Wiring			\$15.45	\$34,305.91
D50201100640	Receptacles incl plate, box, conduit, wire, 16.5 per 1000 SF, 2.0 W per SF, with transformer	2220		\$5.15	\$11,427.92
D50201350320	Miscellaneous power, 1.2 watts	2220		\$0.37	\$820.16
D50201400280	Central air conditioning power, 4 watts	2220		\$0.73	\$1,612.65
D50201452080	Motor installation, three phase, 460 V, 15 HP motor size	2		\$2.34	\$5,203.90

D50202100520	Fluorescent fixtures recess mounted in ceiling, 1.6 watt per SF, 40 FC, 10 fixtures @32watt per 1000 SF	2553		\$6.87	\$15,241.28
D5030	Communications and Security			\$7.41	\$16,459.56
D50303101020	Telephone wiring for offices & laboratories, 8 jacks/MSF	1665		\$1.79	\$3,982.83
D50309100452	Communication and alarm systems, fire detection, addressable, 25 detectors, includes outlets, boxes, conduit and wire	0.32		\$3.20	\$7,113.21
D50309100460	Fire alarm command center, addressable without voice, excl. wire & conduit	0.32		\$0.50	\$1,104.95
D50309200110	Internet wiring, 8 data/voice outlets per 1000 S.F.	1.66		\$1.92	\$4,258.57
E	Equipment & Furnishings		0.00%	\$0.00	\$0.00
E1090	Other Equipment			\$0.00	\$0.00
F	Special Construction		0.00%	\$0.00	\$0.00
G	Building Sitework		0.00%	\$0.00	\$0.00
SubTotal			100%	\$197.34	\$438,096.52
Contractor Fees (General Conditions,Overhead,Profit)			15.0 %	\$29.60	\$65,714.48
Architectural Fees			0.0 %	\$0.00	\$0.00
User Fees			0.0 %	\$0.00	\$0.00
Total Building Cost				\$226.94	\$503,811.00

COURTHOUSE BLOCK REDEVELOPMENT TIF DISTRICT

Code Deficiency Cost Report

Parcel 4 - 101 4th Street NW, Faribault, Minnesota 55021

Building Name or Type

Parcel ID 1831126261

Code	Related Cost Items	Unit Cost	Units	Unit Quantity	Total
Accessibility Items					
	Parking				
	Create accessible parking per code	\$ 100.00	EA	1	\$ 100.00
	Accessible Route				
	Create an accessible route into the building per code	\$ 500.00	Lump	1	\$ 500.00
	Restroom				
	Modify restroom to comply with accessible code	\$ 2.98	SF	2,200	\$ 6,556.00
Structural Elements					
	South Wall				
	Repair failing south wall to comply with structural code integrity	\$ 5,000.00	Lump	1	\$ 5,000.00
Exiting					
	Thresholds				
	Modify thresholds to comply with code for maximum height	\$ 100.00	EA	2	\$ 200.00
	Carpeting				
	Repair/replace damaged carpeting to create an unimpeded means for emergency egress per code	\$ 2.06	SF	2,200	\$ 4,532.00
	Floor Tile				
	Repair/replace damaged floor tile to create an unimpeded means for emergency egress per code	\$ 0.93	SF	2,200	\$ 2,046.00
Fire Protection					
	Smoke Detectors				
	Install code compliant smoke detectors	\$ 3.20	SF	2,200	\$ 7,040.00
	Emergency Lighting System				
	Install code required emergency lighting system	\$ 1.00	SF	2,200	\$ 2,200.00
	Emergency Notification System				
	Install code required emergency notification system	\$ 0.50	SF	2,200	\$ 1,100.00
	Building Sprinkler System				
	Install code required building sprinkler system	\$ 5.42	SF	2,200	\$ 11,924.00
Exterior Construction					
	Exterior Block and Mortar				
	Repair damage block and mortar prevent water intrusion per code	\$ 2,500.00	Lump	1	\$ 2,500.00

Code	Related Cost Items	Unit Cost	Units	Unit Quantity	Total
	Windows				
	Replace failed windows to prevent water intrusion per code	\$ 6.30	SF	2,200	\$ 13,860.00
	Roof Construction				
	Roofing Material				
	Remove failed roofing material	\$ 0.65	SF	2,200	\$ 1,430.00
	Install roofing material to prevent water intrusion per code	\$ 10.19	SF	2,200	\$ 22,418.00
	Mechanical- Electrical				
	Mechanical				
	Install code compliant HVAC system	\$ 21.14	SF	2,200	\$ 46,508.00
	Electrical				
	Install code compliant lighting system	\$ 6.87	SF	2,200	\$ 15,114.00
Total Code Improvements					\$ 143,028

Courthouse Block - Parcel 4 - 101 4th Street NW



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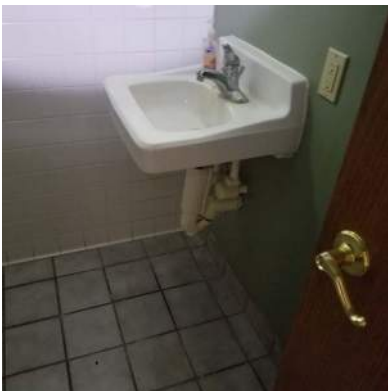
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Courthouse Block - Parcel 4 - 101 4th Street NW



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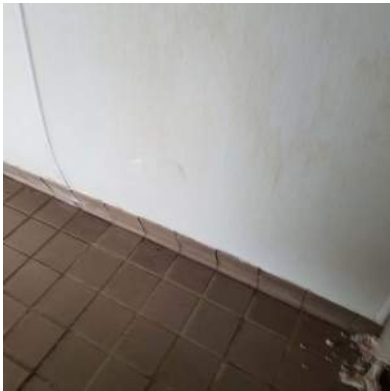
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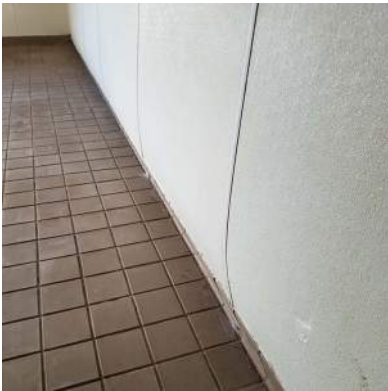
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Courthouse Block - Parcel 4 - 101 4th Street NW



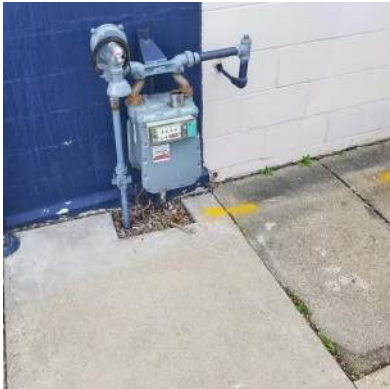
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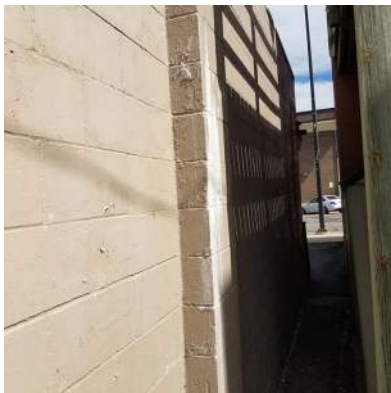
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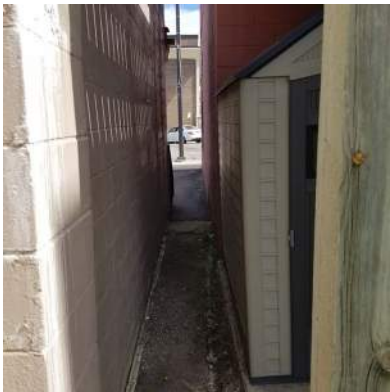


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Courthouse Block - Parcel 4 - 101 4th Street NW



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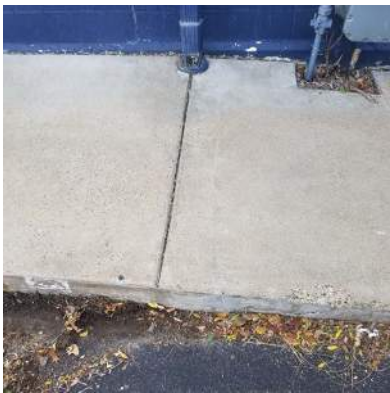
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Estimate Name:	316 1st Avenue NW	
Building Type:	2 Story with Brick / Wood Frame	
Location:	FARIBAULT, MN	 Costs are derived from a building model with basic components. Scope differences and market conditions can cause costs to vary significantly.
Story Count:	2	
Story Height (L.F.):	12.00	
Floor Area (S.F.):	7626	
Labor Type:	OPN	
Basement Included:	Yes	
Data Release:	Year 2021 Quarter 1	
Cost Per Square Foot:	\$215.31	
Building Cost:	\$1,641,923.26	

		Quantity	% of Total	Cost Per S.F.	Cost
A	Substructure		10.91%	\$20.43	\$155,766.34
A1010	Standard Foundations			\$5.43	\$41,405.34
A10101102700	Strip footing, concrete, reinforced, load 11.1 KLF, soil bearing capacity 6 KSF, 12" deep x 24" wide	280		\$1.64	\$12,530.42
A10102107700	Spread footings, 3000 PSI concrete, load 200K, soil bearing capacity 6 KSF, 6' - 0" square x 20" deep	31.19		\$3.79	\$28,874.92
A1030	Slab on Grade			\$3.06	\$23,330.79
A10301202240	Slab on grade, 4" thick, non industrial, reinforced	3813		\$3.06	\$23,330.79
A2010	Basement Excavation			\$2.06	\$15,678.29
A20101104620	Excavate and fill, 10,000 SF, 8' deep, sand, gravel, or common earth, on site storage	3813		\$2.06	\$15,678.29
A2020	Basement Walls			\$9.88	\$75,351.92
A20201107260	Foundation wall, CIP, 12' wall height, pumped, .444 CY/LF, 21.59 PLF, 12" thick	280		\$9.88	\$75,351.92
B	Shell		38.45%	\$71.99	\$549,017.10
B1010	Floor Construction			\$28.28	\$215,626.91
B10102030860	Cast-in-place concrete column, 12" square, tied, 200K load, 12' story height, 142 lbs/LF, 4000PSI	374.24		\$4.23	\$32,237.55
B10102103450	Wood column, 8" x 8", 20' x 20' bay, 10' unsupported height, 133 BF/MSF, 160 PSF total allowable load	3813		\$0.27	\$2,072.75
B10102103450	Wood column, 8" x 8", 20' x 20' bay, 10' unsupported height, 133 BF/MSF, 160 PSF total allowable load	3813		\$0.27	\$2,072.75
B10102221720	Flat slab, concrete, with drop panels, 6" slab/2.5" panel, 12" column, 15'x15' bay, 75 PSF superimposed load, 153 PSF total load	3813		\$7.90	\$60,275.52
B10102643050	Wood beam and joist floor, 12"x16" girder, 8"x16" beam, 2x10 joists @ 16", 20'x20' bay, 75 PSF LL, 102 PSF total load	3813		\$10.88	\$82,954.87
B10107203700	Fireproofing, gypsum board, fire rated, 2 layer, 1" thick, 14" steel column, 3 hour rating, 22 PLF	896		\$4.72	\$36,013.47
B1020	Roof Construction			\$4.44	\$33,897.57
B10201024500	Wood roof, flat rafter, 2" x 14", 12" O.C.	3813		\$4.44	\$33,897.57
B2010	Exterior Walls			\$30.59	\$233,242.19
B20101282000	Stone wall, ashlar veneer, 4" thick, 8' high, 2x4@16" stud back-up, low priced stone	5376		\$29.72	\$226,607.00
B20101907600	Insulation, fiberglass batts, 6" thick, R19	3813		\$0.87	\$6,635.19
B2020	Exterior Windows			\$5.87	\$44,771.91
B20201066550	Windows, aluminum, awning, insulated glass, 4'-5" x 5'-3"	58.43		\$5.87	\$44,771.91
B2030	Exterior Doors			\$1.40	\$10,640.29
B20301106950	Door, aluminum & glass, with transom, narrow stile, double door, hardware, 6'-0" x 10'-0" opening	0.76		\$0.74	\$5,639.77
B20301107300	Door, aluminum & glass, with transom, bronze finish, hardware, 3'-0" x 10'-0" opening	0.76		\$0.38	\$2,872.69
B20302203450	Door, steel 18 gauge, hollow metal, 1 door with frame, no label, 3'-0" x 7'-0" opening	0.76		\$0.28	\$2,127.83
B3010	Roof Coverings			\$1.42	\$10,838.23
B30101203300	Roofing, single ply membrane, EPDM, 60 mils, fully adhered	3813		\$1.18	\$8,998.68
B30106100050	Gutters, box, aluminum, .027" thick, 5", enameled finish	140		\$0.17	\$1,297.64

B30106200100	Downspout, aluminum, rectangular, 2" x 3", embossed mill finish, .020" thick	112		\$0.07	\$541.91
C	Interiors		14.21%	\$26.60	\$202,823.45
C1010	Partitions			\$3.86	\$29,438.94
C10101241200	Wood partition, 5/8" fire rated gypsum board face, none base, 2 x 4, @ 16" OC framing, same opposite face, 0 insul	2135.28		\$1.55	\$11,794.13
C10101241425	Wood partition, 5/8" fire rated gypsum board face, 1/4" sound deadening gypsum board, 2x4 @ 16" OC framing, same opposite face, sound attenuation insul	915.12		\$1.09	\$8,330.46
C10101280700	Gypsum board, 1 face only, exterior sheathing, fire resistant, 5/8"	5376		\$0.74	\$5,609.96
C10101280960	Add for the following: taping and finishing	5376		\$0.49	\$3,704.39
C1020	Interior Doors			\$3.96	\$30,179.28
C10201022600	Door, single leaf, kd steel frame, hollow metal, commercial quality, flush, 3'-0" x 7'-0" x 1-3/8"	24.44		\$3.96	\$30,179.28
C1030	Fittings			\$0.28	\$2,111.21
C10301100420	Toilet partitions, cubicles, ceiling hung, plastic laminate	1.91		\$0.28	\$2,111.21
C2010	Stair Construction			\$4.20	\$32,040.68
C20101100720	Stairs, steel, pan tread for conc in-fill, picket rail, 12 risers w/ landing	2.67		\$4.20	\$32,040.68
C3010	Wall Finishes			\$1.41	\$10,736.32
C30102300140	Painting, interior on plaster and drywall, walls & ceilings, roller work, primer & 2 coats	6100.8		\$0.75	\$5,707.18
C30102300140	Painting, interior on plaster and drywall, walls & ceilings, roller work, primer & 2 coats	5376		\$0.66	\$5,029.14
C3020	Floor Finishes			\$4.17	\$31,767.21
C30204100080	Carpet tile, nylon, fusion bonded, 18" x 18" or 24" x 24", 35 oz	4575.6		\$2.06	\$15,702.86
C30204101600	Vinyl, composition tile, maximum	2287.8		\$0.93	\$7,097.74
C30204101720	Tile, ceramic natural clay	762.6		\$1.18	\$8,966.61
C3030	Ceiling Finishes			\$8.73	\$66,549.81
C30302106000	Acoustic ceilings, 3/4" fiberglass board, 24" x 48" tile, tee grid, suspended support	7626		\$8.73	\$66,549.81
D	Services		36.43%	\$68.21	\$520,152.47
D1010	Elevators and Lifts			\$12.09	\$92,185.83
D10101108900	Hydraulic passenger elevator, 3000 lb, 3 floors, 12' story height, 2 car group, 125 FPM	0.76		\$12.09	\$92,185.83
D2010	Plumbing Fixtures			\$2.43	\$18,507.89
D20101102080	Water closet, vitreous china, bowl only with flush valve, wall hung	1.91		\$0.90	\$6,862.02
D20102102000	Urinal, vitreous china, wall hung	0.76		\$0.14	\$1,095.70
D20103101560	Lavatory w/trim, vanity top, PE on Cl, 20" x 18"	1.53		\$0.33	\$2,497.96
D20104404340	Service sink w/trim, PE on Cl, wall hung w/rim guard, 24" x 20"	1.14		\$0.71	\$5,440.27
D20108201920	Water cooler, electric, wall hung, wheelchair type, 7.5 GPH	1.14		\$0.34	\$2,611.94
D2020	Domestic Water Distribution			\$0.69	\$5,243.34
D20202501860	Gas fired water heater, commercial, 100< F rise, 100 MBH input, 91 GPH	0.38		\$0.69	\$5,243.34
D3050	Terminal & Package Units			\$17.45	\$133,058.83
D30501553960	Rooftop, multizone, air conditioner, offices, 25,000 SF, 79.16 ton	7626		\$17.45	\$133,058.83
D4010	Sprinklers			\$3.91	\$29,826.40
D40104100600	Wet pipe sprinkler systems, steel, light hazard, 1 floor, 5000 SF	2592.84		\$1.64	\$12,517.22
D40104100720	Wet pipe sprinkler systems, steel, light hazard, each additional floor, 5000 SF	5033.16		\$1.98	\$15,092.84
D40104108930	Standard High Rise Accessory Package 3 story	0.38		\$0.29	\$2,216.34
D4020	Standpipes			\$1.19	\$9,056.16
D40203101540	Wet standpipe risers, class III, steel, black, sch 40, 4" diam pipe, 1 floor	0.46		\$0.65	\$4,919.72
D40203101560	Wet standpipe risers, class III, steel, black, sch 40, 4" diam pipe, additional floors	1.72		\$0.54	\$4,136.44
D5010	Electrical Service/Distribution			\$10.10	\$77,053.34
D50101200440	Overhead service installation, includes breakers, metering, 20' conduit & wire, 3 phase, 4 wire, 120/208 V, 1000 A	1.25		\$2.66	\$20,294.66

D50102300440	Feeder installation 600 V, including RGS conduit and XHHW wire, 1000 A	100		\$3.42	\$26,089.20
D50102400320	Switchgear installation, incl switchboard, panels & circuit breaker, 120/208 V, 3 phase, 1200 A	1.2		\$4.02	\$30,669.48
D5020	Lighting and Branch Wiring			\$13.79	\$105,173.24
D50201100640	Receptacles incl plate, box, conduit, wire, 16.5 per 1000 SF, 2.0 W per SF, with transformer	7626		\$5.15	\$39,256.44
D50201350320	Miscellaneous power, 1.2 watts	7626		\$0.37	\$2,817.35
D50201400280	Central air conditioning power, 4 watts	7626		\$0.73	\$5,539.68
D50201452080	Motor installation, three phase, 460 V, 15 HP motor size	2		\$0.68	\$5,203.90
D50202100520	Fluorescent fixtures recess mounted in ceiling, 1.6 watt per SF, 40 FC, 10 fixtures @32watt per 1000 SF	8769.9		\$6.87	\$52,355.87
D5030	Communications and Security			\$6.56	\$50,046.43
D50303101020	Telephone wiring for offices & laboratories, 8 jacks/MSF	5719.5		\$1.79	\$13,681.56
D50309100454	Communication and alarm systems, fire detection, addressable, 50 detectors, includes outlets, boxes, conduit and wire	0.38		\$2.18	\$16,649.01
D50309100462	Fire alarm command center, addressable with voice, excl. wire & conduit	0.38		\$0.67	\$5,087.09
D50309200110	Internet wiring, 8 data/voice outlets per 1000 S.F.	5.72		\$1.92	\$14,628.77
D5090	Other Electrical Systems			\$0.00	\$1.01
D50902200300	Uninterruptible power supply with standard battery pack, 15 kVA/12.75 kW	0.76		\$0.00	\$1.01
E	Equipment & Furnishings		0.00%	\$0.00	\$0.00
E1090	Other Equipment			\$0.00	\$0.00
F	Special Construction		0.00%	\$0.00	\$0.00
G	Building Sitework		0.00%	\$0.00	\$0.00
SubTotal			100%	\$187.22	\$1,427,759.36
Contractor Fees (General Conditions,Overhead,Profit)			15.0 %	\$28.08	\$214,163.90
Architectural Fees			0.0 %	\$0.00	\$0.00
User Fees			0.0 %	\$0.00	\$0.00
Total Building Cost				\$215.31	\$1,641,923.26

COURTHOUSE BLOCK REDEVELOPMENT TIF DISTRICT

Code Deficiency Cost Report

Parcel 5 - 316 1st Avenue NW, Faribault, Minnesota 55021

Building Name or Type

Parcel ID 1831126272

Code	Related Cost Items	Unit Cost	Units	Unit Quantity	Total
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Accessibility Items

Parking

Create accessible parking per code	\$ 100.00	EA	1	\$ 100.00
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Accessible Route

Create an accessible route into the building per code	\$ 500.00	Lump	1	\$ 500.00
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Create an accessible route to all levels of the building per code	\$ 12.09	SF	7,626	\$ 92,198.34
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Restroom

Modify restroom to comply with accessible code	\$ 1.37	SF	7,626	\$ 10,447.62
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Structural Elements

\$ -

Exiting

Thresholds

Modify thresholds to comply with code for maximum height	\$ 500.00	EA	2	\$ 1,000.00
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Carpeting

Repair/replace damaged carpeting to create an unimpeded means for emergency egress per code	\$ 1.03	SF	7,626	\$ 7,854.78
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Door Hardware

Install code compliant door hardware	\$ 250.00	EA	20	\$ 5,000.00
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Stairways

Install code compliant stairways	\$ 4.20	SF	7,626	\$ 32,029.20
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Fire Protection

Smoke Detectors

Install code compliant smoke detectors	\$ 2.18	SF	7,626	\$ 16,624.68
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Emergency Lighting System

Install code required emergency lighting system	\$ 0.85	SF	7,626	\$ 6,482.10
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Emergency Notification System

Install emergency notification system	\$ 0.67	SF	7,626	\$ 5,109.42
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Building Sprinkler System

Install building sprinkler system	\$ 5.10	SF	7,626	\$ 38,892.60
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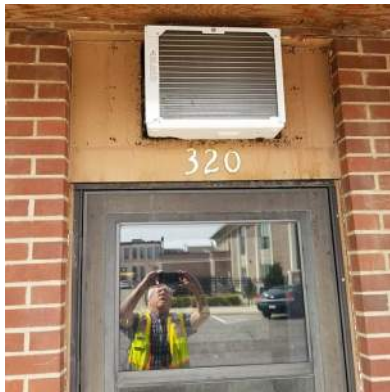
Exterior Construction

Exterior Block and Mortar

Repair damage block and mortar prevent water intrusion per code	\$ 8,000.00	Lump	1	\$ 8,000.00
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Code	Related Cost Items	Unit Cost	Units	Unit Quantity	Total
	Windows				
	Replace failed windows to prevent water intrusion per code	\$ 5.87	SF	7,626	\$ 44,764.62
	Wooden Deck				
	Modify wooden deck to comply with code	\$ 1,000.00	Lump	1	\$ 1,000.00
	Roof Construction				
	Roofing Material				
	Remove failed roofing material	\$ 0.15	SF	7,626	\$ 1,143.90
	Install roofing material to prevent water intrusion per code	\$ 1.42	SF	7,626	\$ 10,828.92
	Mechanical- Electrical				
	Mechanical				
	Install code compliant HVAC system	\$ 17.45	SF	7,626	\$ 133,073.70
	Electrical				
	Install code compliant lighting system	\$ 6.87	SF	7,626	\$ 52,390.62
	Install code compliant electrical wiring system	\$ 5.15	SF	7,626	\$ 39,273.90
Total Code Improvements					\$ 506,714

Courthouse Block - Parcel 5 - 316 1st Avenue NW



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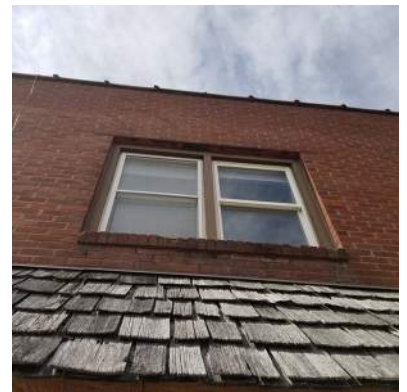
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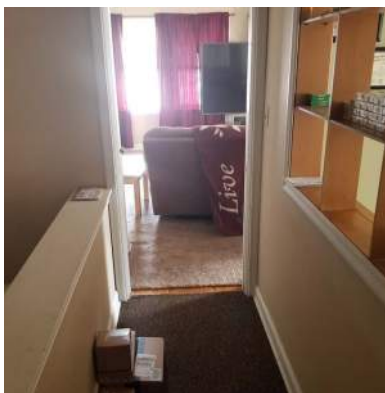
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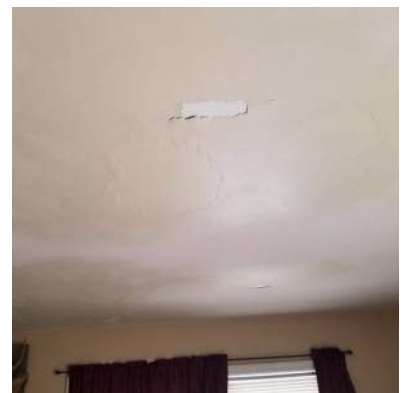
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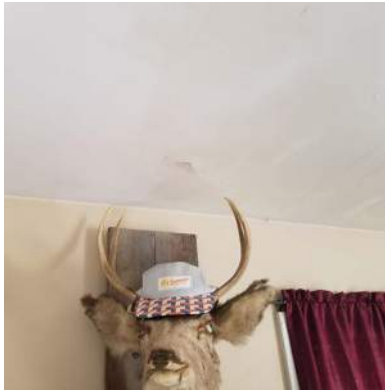


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Courthouse Block - Parcel 5 - 316 1st Avenue NW



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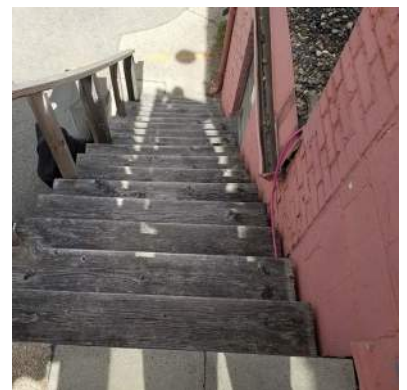
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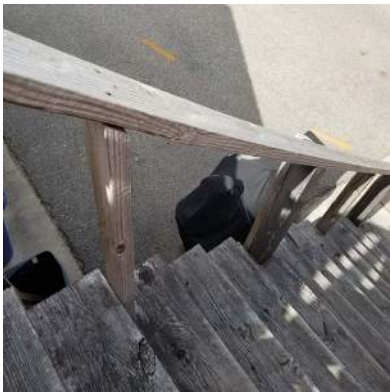


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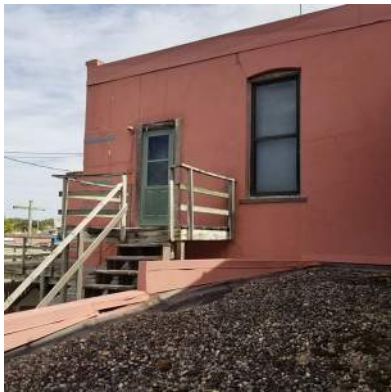
Courthouse Block - Parcel 5 - 316 1st Avenue NW



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Courthouse Block - Parcel 5 - 316 1st Avenue NW



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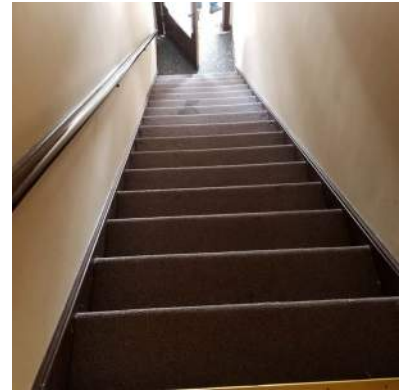
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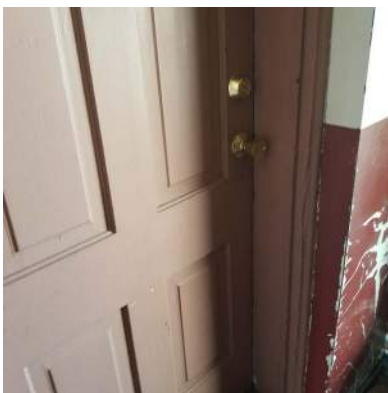
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Courthouse Block - Parcel 5 - 316 1st Avenue NW



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Courthouse Block - Parcel 5 - 316 1st Avenue NW



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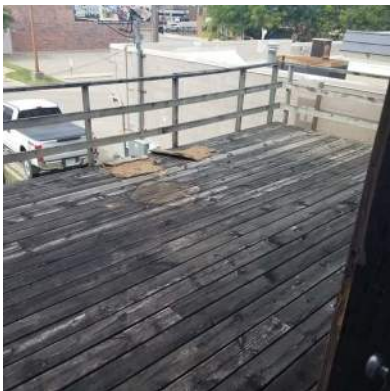
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Courthouse Block - Parcel 5 - 316 1st Avenue NW



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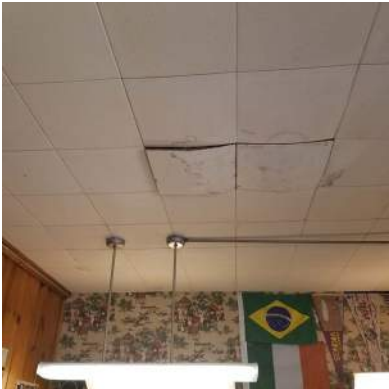
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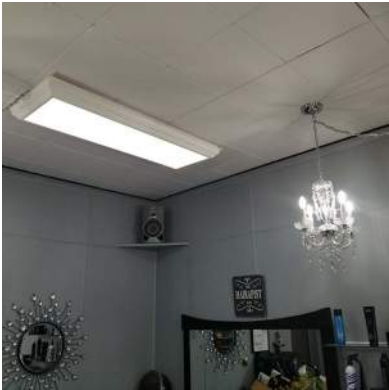
Courthouse Block - Parcel 5 - 316 1st Avenue NW



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Courthouse Block - Parcel 5 - 316 1st Avenue NW



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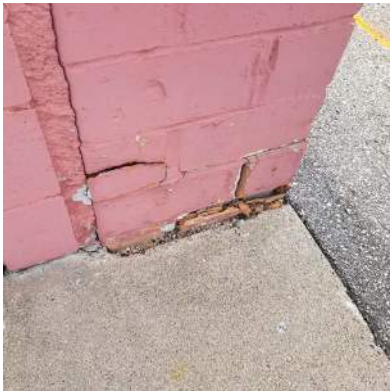
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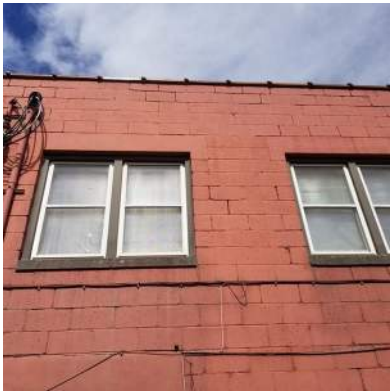
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Estimate Name:	310 1st Avenue NW	
Building Type:	2 Story with Brick Veneer / Wood Frame	
Location:	FARIBAULT, MN	 Costs are derived from a building model with basic components. Scope differences and market conditions can cause costs to vary significantly.
Story Count:	2	
Story Height (L.F.):	12.00	
Floor Area (S.F.):	2760	
Labor Type:	OPN	
Basement Included:	Yes	
Data Release:	Year 2021 Quarter 1	
Cost Per Square Foot:	\$271.76	
Building Cost:	\$750,070.34	

		Quantity	% of Total	Cost Per S.F.	Cost
A	Substructure		12.12%	\$28.64	\$79,054.87
A1010	Standard Foundations			\$7.34	\$20,263.79
A10101102700	Strip footing, concrete, reinforced, load 11.1 KLF, soil bearing capacity 6 KSF, 12" deep x 24" wide	166		\$2.69	\$7,428.75
A10102107700	Spread footings, 3000 PSI concrete, load 200K, soil bearing capacity 6 KSF, 6' - 0" square x 20" deep	13.86		\$4.65	\$12,835.04
A1030	Slab on Grade			\$3.06	\$8,443.88
A10301202240	Slab on grade, 4" thick, non industrial, reinforced	1380		\$3.06	\$8,443.88
A2010	Basement Excavation			\$2.06	\$5,674.28
A20101104620	Excavate and fill, 10,000 SF, 8' deep, sand, gravel, or common earth, on site storage	1380		\$2.06	\$5,674.28
A2020	Basement Walls			\$16.19	\$44,672.92
A20201107260	Foundation wall, CIP, 12' wall height, pumped, .444 CY/LF, 21.59 PLF, 12" thick	166		\$16.19	\$44,672.92
B	Shell		39.21%	\$92.65	\$255,721.78
B1010	Floor Construction			\$24.35	\$67,203.92
B10102030860	Cast-in-place concrete column, 12" square, tied, 200K load, 12' story height, 142 lbs/LF, 4000PSI	166.35		\$5.19	\$14,329.74
B10102103450	Wood column, 8" x 8", 20' x 20' bay, 10' unsupported height, 133 BF/MSF, 160 PSF total allowable load	1380		\$0.27	\$750.17
B10102103450	Wood column, 8" x 8", 20' x 20' bay, 10' unsupported height, 133 BF/MSF, 160 PSF total allowable load	1380		\$0.27	\$750.17
B10102643050	Wood beam and joist floor, 12"x16" girder, 8"x16" beam, 2x10 joists @ 16", 20'x20' bay, 75 PSF LL, 102 PSF total load	1380		\$10.88	\$30,023.00
B10107203700	Fireproofing, gypsum board, fire rated, 2 layer, 1" thick, 14" steel column, 3 hour rating, 22 PLF	531.2		\$7.74	\$21,350.84
B1020	Roof Construction			\$6.34	\$17,484.60
B10201026100	Wood roof, flat rafter, 3" x 12", 12" O.C.	1380		\$6.34	\$17,484.60
B2010	Exterior Walls			\$49.55	\$136,746.99
B20101282000	Stone wall, ashlar veneer, 4" thick, 8' high, 2x4@16" stud back-up, low priced stone	3187.2		\$48.68	\$134,345.58
B20101907600	Insulation, fiberglass batts, 6" thick, R19	1380		\$0.87	\$2,401.41
B2020	Exterior Windows			\$9.62	\$26,543.35
B20201066550	Windows, aluminum, awning, insulated glass, 4'-5" x 5'-3"	34.64		\$9.62	\$26,543.35
B2030	Exterior Doors			\$1.40	\$3,850.93
B20301106950	Door, aluminum & glass, with transom, narrow stile, double door, hardware, 6'-0" x 10'-0" opening	0.28		\$0.74	\$2,041.14
B20301107300	Door, aluminum & glass, with transom, bronze finish, hardware, 3'-0" x 10'-0" opening	0.28		\$0.38	\$1,039.68
B20302203450	Door, steel 18 gauge, hollow metal, 1 door with frame, no label, 3'-0" x 7'-0" opening	0.28		\$0.28	\$770.11
B3010	Roof Coverings			\$1.41	\$3,891.99
B30101206300	Roofing, single ply membrane, reinforced, PVC, 60 mils, loose laid, stone balleas	1380		\$1.02	\$2,801.40
B30106100050	Gutters, box, aluminum, .027" thick, 5", enameled finish	83		\$0.28	\$769.31
B30106200100	Downspout, aluminum, rectangular, 2" x 3", embossed mill finish, .020" thick	66.4		\$0.12	\$321.28
C	Interiors		11.76%	\$27.80	\$76,718.26

C1010	Partitions			\$4.64	\$12,805.57
C10101241200	Wood partition, 5/8" fire rated gypsum board face, none base, 2 x 4, @ 16" OC framing, same opposite face, 0 insul	772.8		\$1.55	\$4,268.53
C10101241425	Wood partition, 5/8" fire rated gypsum board face, 1/4" sound deadening gypsum board, 2x4 @ 16" OC framing, same opposite face, sound attenuation insul	331.2		\$1.09	\$3,014.96
C10101280700	Gypsum board, 1 face only, exterior sheathing, fire resistant, 5/8"	3187.2		\$1.21	\$3,325.91
C10101280960	Add for the following: taping and finishing	3187.2		\$0.80	\$2,196.17
C1020	Interior Doors			\$3.96	\$10,922.48
C10201022600	Door, single leaf, kd steel frame, hollow metal, commercial quality, flush, 3'-0" x 7'-0" x 1-3/8"	8.85		\$3.96	\$10,922.48
C1030	Fittings			\$0.28	\$764.09
C10301100420	Toilet partitions, cubicles, ceiling hung, plastic laminate	0.69		\$0.28	\$764.09
C2010	Stair Construction			\$4.20	\$11,596.15
C20101100720	Stairs, steel, pan tread for conc in-fill, picket rail, 12 risers w/ landing	0.97		\$4.20	\$11,596.15
C3010	Wall Finishes			\$1.83	\$5,047.10
C30102300140	Painting, interior on plaster and drywall, walls & ceilings, roller work, primer & 2 coats	2208		\$0.75	\$2,065.54
C30102300140	Painting, interior on plaster and drywall, walls & ceilings, roller work, primer & 2 coats	3187.2		\$1.08	\$2,981.56
C3020	Floor Finishes			\$4.17	\$11,497.18
C30204100080	Carpet tile, nylon, fusion bonded, 18" x 18" or 24" x 24", 35 oz	1656		\$2.06	\$5,683.18
C30204101600	Vinyl, composition tile, maximum	828		\$0.93	\$2,568.81
C30204101720	Tile, ceramic natural clay	276		\$1.18	\$3,245.19
C3030	Ceiling Finishes			\$8.73	\$24,085.69
C30302106000	Acoustic ceilings, 3/4" fiberglass board, 24" x 48" tile, tee grid, suspended support	2760		\$8.73	\$24,085.69
D	Services		36.91%	\$87.22	\$240,740.17
D1010	Elevators and Lifts			\$12.09	\$33,363.87
D10101108900	Hydraulic passenger elevator, 3000 lb, 3 floors, 12' story height, 2 car group, 125 FPM	0.28		\$12.09	\$33,363.87
D2010	Plumbing Fixtures			\$2.43	\$6,698.37
D20101102080	Water closet, vitreous china, bowl only with flush valve, wall hung	0.69		\$0.90	\$2,483.50
D20102102000	Urinal, vitreous china, wall hung	0.28		\$0.14	\$396.56
D20103101560	Lavatory w/trim, vanity top, PE on CI, 20" x 18"	0.55		\$0.33	\$904.06
D20104404340	Service sink w/trim, PE on CI, wall hung w/rim guard, 24" x 20"	0.41		\$0.71	\$1,968.94
D20108201920	Water cooler, electric, wall hung, wheelchair type, 7.5 GPH	0.41		\$0.34	\$945.31
D2020	Domestic Water Distribution			\$0.69	\$1,897.67
D20202501860	Gas fired water heater, commercial, 100< F rise, 100 MBH input, 91 GPH	0.14		\$0.69	\$1,897.67
D3050	Terminal & Package Units			\$17.45	\$48,156.62
D30501553960	Rooftop, multizone, air conditioner, offices, 25,000 SF, 79.16 ton	2760		\$17.45	\$48,156.62
D4010	Sprinklers			\$3.91	\$10,794.77
D40104100600	Wet pipe sprinkler systems, steel, light hazard, 1 floor, 5000 SF	938.4		\$1.64	\$4,530.23
D40104100720	Wet pipe sprinkler systems, steel, light hazard, each additional floor, 5000 SF	1821.6		\$1.98	\$5,462.40
D40104108930	Standard High Rise Accessory Package 3 story	0.14		\$0.29	\$802.14
D4020	Standpipes			\$1.19	\$3,277.60
D40203101540	Wet standpipe risers, class III, steel, black, sch 40, 4" diam pipe, 1 floor	0.17		\$0.65	\$1,780.54
D40203101560	Wet standpipe risers, class III, steel, black, sch 40, 4" diam pipe, additional floors	0.62		\$0.54	\$1,497.06
D5010	Electrical Service/Distribution			\$27.92	\$77,053.34
D50101200440	Overhead service installation, includes breakers, metering, 20' conduit & wire, 3 phase, 4 wire, 120/208 V, 1000 A	1.25		\$7.35	\$20,294.66
D50102300440	Feeder installation 600 V, including RGS conduit and XHHW wire, 1000 A	100		\$9.45	\$26,089.20
D50102400320	Switchgear installation, incl switchboard, panels & circuit breaker, 120/208 V, 3 phase, 1200 A	1.2		\$11.11	\$30,669.48

D5020	Lighting and Branch Wiring			\$14.99	\$41,384.77
D50201100640	Receptacles incl plate, box, conduit, wire, 16.5 per 1000 SF, 2.0 W per SF, with transformer	2760		\$5.15	\$14,207.68
D50201350320	Miscellaneous power, 1.2 watts	2760		\$0.37	\$1,019.65
D50201400280	Central air conditioning power, 4 watts	2760		\$0.73	\$2,004.92
D50201452080	Motor installation, three phase, 460 V, 15 HP motor size	2		\$1.89	\$5,203.90
D50202100520	Fluorescent fixtures recess mounted in ceiling, 1.6 watt per SF, 40 FC, 10 fixtures @32watt per 1000 SF	3174		\$6.87	\$18,948.62
D5030	Communications and Security			\$6.56	\$18,112.79
D50303101020	Telephone wiring for offices & laboratories, 8 jacks/MSF	2070		\$1.79	\$4,951.63
D50309100454	Communication and alarm systems, fire detection, addressable, 50 detectors, includes outlets, boxes, conduit and wire	0.14		\$2.18	\$6,025.60
D50309100462	Fire alarm command center, addressable with voice, excl. wire & conduit	0.14		\$0.67	\$1,841.12
D50309200110	Internet wiring, 8 data/voice outlets per 1000 S.F.	2.07		\$1.92	\$5,294.44
D5090	Other Electrical Systems			\$0.00	\$0.37
D50902200300	Uninterruptible power supply with standard battery pack, 15 kVA/12.75 kW	0.28		\$0.00	\$0.37
E	Equipment & Furnishings		0.00%	\$0.00	\$0.00
E1090	Other Equipment			\$0.00	\$0.00
F	Special Construction		0.00%	\$0.00	\$0.00
G	Building Sitework		0.00%	\$0.00	\$0.00
SubTotal			100%	\$236.32	\$652,235.08
Contractor Fees (General Conditions,Overhead,Profit)			15.0 %	\$35.45	\$97,835.26
Architectural Fees			0.0 %	\$0.00	\$0.00
User Fees			0.0 %	\$0.00	\$0.00
Total Building Cost				\$271.76	\$750,070.34

COURTHOUSE BLOCK REDEVELOPMENT TIF DISTRICT

Code Deficiency Cost Report

Parcel 6 - 310 1st Avenue NW, Faribault, Minnesota 55021

Building Name or Type

Parcel ID 1831126271

Code	Related Cost Items	Unit Cost	Units	Unit Quantity	Total
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Accessibility Items

Parking

Create accessible parking per code	\$ 100.00	EA	1	\$	100.00
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Accessible Route

Create an accessible route into the building per code	\$ 1,000.00	Lump	1	\$	1,000.00
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Crear an accessible route to all levels of the building per code	\$ 12.09	SF	2,760	\$	33,368.40
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Structural Elements

Steel Beam

Protect steel beam from rusting per code	\$ 500.00	Lump	1	\$	500.00
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Exiting

Thresholds

Modify thresholds to comply with code for maximum height	\$ 200.00	EA	2	\$	400.00
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Stairways

Modify interior stairway to comply with code	\$ 4.20	SF	2,760	\$	11,592.00
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Install code required secondary egress from second-floor per code	\$ 2.10	SF	2,760	\$	5,796.00
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Door Hardware

Install code compliant door hardware	\$ 250.00	EA	10	\$	2,500.00
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Fire Protection

Smoke Detectors

Install code compliant smoke detectors	\$ 2.18	SF	2,760	\$	6,016.80
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Emergency Lighting System

Install code required emergency lighting system	\$ 1.25	SF	2,760	\$	3,450.00
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Emergency Notification System

Install emergency notification system	\$ 0.67	SF	2,760	\$	1,849.20
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Building Sprinkler System

Install building sprinkler system	\$ 5.10	SF	2,760	\$	14,076.00
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Exterior Construction

Exterior Block and Mortar

Repair damage block and mortar prevent water intrusion per code	\$ 5,000.00	Lump	1	\$	5,000.00
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Windows

Replace failed windows to prevent water intrusion per code	\$ 9.62	SF	2,760	\$	26,551.20
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Code	Related Cost Items	Unit Cost	Units	Unit Quantity	Total
Roof Construction					
	Roofing Material				
	Remove failed roofing material	\$ 0.35	SF	2,760	\$ 966.00
	Install roofing material to prevent water intrusion per code	\$ 1.41	SF	2,760	\$ 3,891.60
Mechanical- Electrical					
	Mechanical				
	Install code compliant HVAC system	\$ 17.45	SF	2,760	\$ 48,162.00
	Electrical				
	Install code compliant lighting system	\$ 6.87	SF	2,760	\$ 18,961.20
	Install code compliant electrical wiring system	\$ 5.15	SF	2,760	\$ 14,214.00
Total Code Improvements					\$ 198,394

Courthouse Block - Parcel 6 - 310 1st Avenue NW



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Courthouse Block - Parcel 6 - 310 1st Avenue NW



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Courthouse Block - Parcel 6 - 310 1st Avenue NW



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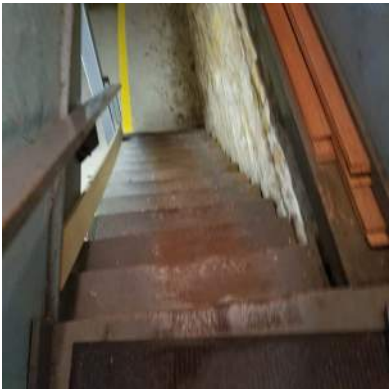
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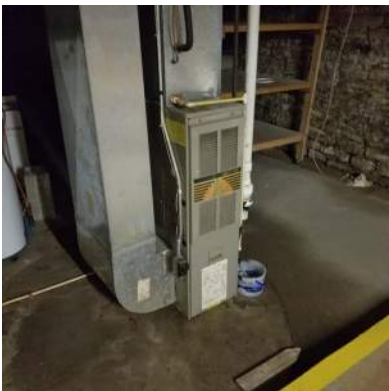
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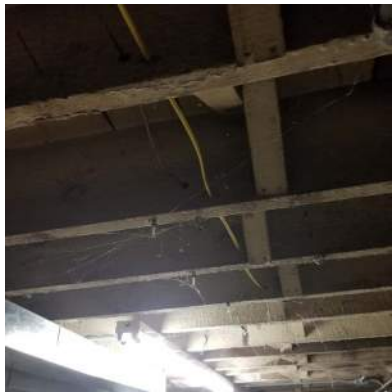


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Courthouse Block - Parcel 6 - 310 1st Avenue NW



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Square Foot Cost Estimate Report

Date: **9/21/2021**

Estimate Name:	308 1st Avenue NW	
Building Type:	2 Story with Brick Veneer / Wood Frame	
Location:	FARIBAULT, MN	 Costs are derived from a building model with basic components. Scope differences and market conditions can cause costs to vary significantly.
Story Count:	2	
Story Height (L.F.):	12.00	
Floor Area (S.F.):	4898	
Labor Type:	OPN	
Basement Included:	Yes	
Data Release:	Year 2021 Quarter 1	
Cost Per Square Foot:	\$239.67	
Building Cost:	\$1,173,921.90	

		Quantity	% of Total	Cost Per S.F.	Cost
A	Substructure		11.63%	\$24.25	\$118,753.73
A1010	Standard Foundations			\$6.44	\$31,533.78
A10101102700	Strip footing, concrete, reinforced, load 11.1 KLF, soil bearing capacity 6 KSF, 12" deep x 24" wide	231		\$2.11	\$10,337.60
A10102107700	Spread footings, 3000 PSI concrete, load 200K, soil bearing capacity 6 KSF, 6' - 0" square x 20" deep	22.89		\$4.33	\$21,196.18
A1030	Slab on Grade			\$3.06	\$14,984.82
A10301202240	Slab on grade, 4" thick, non industrial, reinforced	2449		\$3.06	\$14,984.82
A2010	Basement Excavation			\$2.06	\$10,069.80
A20101104620	Excavate and fill, 10,000 SF, 8' deep, sand, gravel, or common earth, on site storage	2449		\$2.06	\$10,069.80
A2020	Basement Walls			\$12.69	\$62,165.33
A20201107260	Foundation wall, CIP, 12' wall height, pumped, .444 CY/LF, 21.59 PLF, 12" thick	231		\$12.69	\$62,165.33
B	Shell		39.74%	\$82.82	\$405,651.26
B1010	Floor Construction			\$30.22	\$148,031.75
B10102030860	Cast-in-place concrete column, 12" square, tied, 200K load, 12' story height, 142 lbs/LF, 4000PSI	274.72		\$4.83	\$23,664.58
B10102103450	Wood column, 8" x 8", 20' x 20' bay, 10' unsupported height, 133 BF/MSF, 160 PSF total allowable load	2449		\$0.27	\$1,331.28
B10102103450	Wood column, 8" x 8", 20' x 20' bay, 10' unsupported height, 133 BF/MSF, 160 PSF total allowable load	2449		\$0.27	\$1,331.28
B10102221720	Flat slab, concrete, with drop panels, 6" slab/2.5" panel, 12" column, 15'x15' bay, 75 PSF superimposed load, 153 PSF total load	2449		\$7.90	\$38,713.55
B10102643050	Wood beam and joist floor, 12"x16" girder, 8"x16" beam, 2x10 joists @ 16", 20'x20' bay, 75 PSF LL, 102 PSF total load	2449		\$10.88	\$53,279.95
B10107203700	Fireproofing, gypsum board, fire rated, 2 layer, 1" thick, 14" steel column, 3 hour rating, 22 PLF	739.2		\$6.07	\$29,711.11
B1020	Roof Construction			\$3.24	\$15,869.52
B10201024100	Wood roof, flat rafter, 2" x 12", 12" O.C.	2449		\$3.24	\$15,869.52
B2010	Exterior Walls			\$39.04	\$191,212.41
B20101282000	Stone wall, ashlar veneer, 4" thick, 8' high, 2x4@16" stud back-up, low priced stone	4435.2		\$38.17	\$186,950.78
B20101907600	Insulation, fiberglass batts, 6" thick, R19	2449		\$0.87	\$4,261.63
B2020	Exterior Windows			\$7.54	\$36,936.83
B20201066550	Windows, aluminum, awning, insulated glass, 4'-5" x 5'-3"	48.21		\$7.54	\$36,936.83
B2030	Exterior Doors			\$1.40	\$6,834.01
B20301106950	Door, aluminum & glass, with transom, narrow stile, double door, hardware, 6'-0" x 10'-0" opening	0.49		\$0.74	\$3,622.29
B20301107300	Door, aluminum & glass, with transom, bronze finish, hardware, 3'-0" x 10'-0" opening	0.49		\$0.38	\$1,845.06
B20302203450	Door, steel 18 gauge, hollow metal, 1 door with frame, no label, 3'-0" x 7'-0" opening	0.49		\$0.28	\$1,366.66
B3010	Roof Coverings			\$1.38	\$6,766.74
B30101202200	Roofing, single ply membrane, EPDM, 45 mils, mechanically fastened, batten strps	2449		\$1.07	\$5,249.11
B30106100050	Gutters, box, aluminum, .027" thick, 5", enameled finish	115.5		\$0.22	\$1,070.55

B30106200100	Downspout, aluminum, rectangular, 2" x 3", embossed mill finish, .020" thick	92.4		\$0.09	\$447.08
C	Interiors		13.02%	\$27.13	\$132,889.62
C1010	Partitions			\$4.21	\$20,609.89
C10101241200	Wood partition, 5/8" fire rated gypsum board face, none base, 2 x 4, @ 16" OC framing, same opposite face, 0 insul	1371.44		\$1.55	\$7,575.09
C10101241425	Wood partition, 5/8" fire rated gypsum board face, 1/4" sound deadening gypsum board, 2x4 @ 16" OC framing, same opposite face, sound attenuation insul	587.76		\$1.09	\$5,350.46
C10101280700	Gypsum board, 1 face only, exterior sheathing, fire resistant, 5/8"	4435.2		\$0.94	\$4,628.22
C10101280960	Add for the following: taping and finishing	4435.2		\$0.62	\$3,056.12
C1020	Interior Doors			\$3.96	\$19,383.44
C10201022600	Door, single leaf, kd steel frame, hollow metal, commercial quality, flush, 3'-0" x 7'-0" x 1-3/8"	15.7		\$3.96	\$19,383.44
C1030	Fittings			\$0.28	\$1,355.98
C10301100420	Toilet partitions, cubicles, ceiling hung, plastic laminate	1.22		\$0.28	\$1,355.98
C2010	Stair Construction			\$4.20	\$20,578.97
C20101100720	Stairs, steel, pan tread for conc in-fill, picket rail, 12 risers w/ landing	1.71		\$4.20	\$20,578.97
C3010	Wall Finishes			\$1.60	\$7,814.63
C30102300140	Painting, interior on plaster and drywall, walls & ceilings, roller work, primer & 2 coats	3918.4		\$0.75	\$3,665.59
C30102300140	Painting, interior on plaster and drywall, walls & ceilings, roller work, primer & 2 coats	4435.2		\$0.85	\$4,149.04
C3020	Floor Finishes			\$4.17	\$20,403.33
C30204100080	Carpet tile, nylon, fusion bonded, 18" x 18" or 24" x 24", 35 oz	2938.8		\$2.06	\$10,085.58
C30204101600	Vinyl, composition tile, maximum	1469.4		\$0.93	\$4,558.71
C30204101720	Tile, ceramic natural clay	489.8		\$1.18	\$5,759.04
C3030	Ceiling Finishes			\$8.73	\$42,743.38
C30302106000	Acoustic ceilings, 3/4" fiberglass board, 24" x 48" tile, tee grid, suspended support	4898		\$8.73	\$42,743.38
D	Services		35.61%	\$74.22	\$363,507.04
D1010	Elevators and Lifts			\$12.09	\$59,208.79
D10101108900	Hydraulic passenger elevator, 3000 lb, 3 floors, 12' story height, 2 car group, 125 FPM	0.49		\$12.09	\$59,208.79
D2010	Plumbing Fixtures			\$2.43	\$11,887.18
D20101102080	Water closet, vitreous china, bowl only with flush valve, wall hung	1.22		\$0.90	\$4,407.31
D20102102000	Urinal, vitreous china, wall hung	0.49		\$0.14	\$703.74
D20103101560	Lavatory w/trim, vanity top, PE on CI, 20" x 18"	0.98		\$0.33	\$1,604.38
D20104404340	Service sink w/trim, PE on CI, wall hung w/rim guard, 24" x 20"	0.73		\$0.71	\$3,494.16
D20108201920	Water cooler, electric, wall hung, wheelchair type, 7.5 GPH	0.73		\$0.34	\$1,677.59
D2020	Domestic Water Distribution			\$0.69	\$3,367.68
D20202501860	Gas fired water heater, commercial, 100< F rise, 100 MBH input, 91 GPH	0.24		\$0.69	\$3,367.68
D3050	Terminal & Package Units			\$17.45	\$85,460.55
D30501553960	Rooftop, multizone, air conditioner, offices, 25,000 SF, 79.16 ton	4898		\$17.45	\$85,460.55
D4010	Sprinklers			\$3.91	\$19,156.80
D40104100600	Wet pipe sprinkler systems, steel, light hazard, 1 floor, 5000 SF	1665.32		\$1.64	\$8,039.52
D40104100720	Wet pipe sprinkler systems, steel, light hazard, each additional floor, 5000 SF	3232.68		\$1.98	\$9,693.77
D40104108930	Standard High Rise Accessory Package 3 story	0.24		\$0.29	\$1,423.51
D4020	Standpipes			\$1.19	\$5,816.56
D40203101540	Wet standpipe risers, class III, steel, black, sch 40, 4" diam pipe, 1 floor	0.29		\$0.65	\$3,159.82
D40203101560	Wet standpipe risers, class III, steel, black, sch 40, 4" diam pipe, additional floors	1.1		\$0.54	\$2,656.74
D5010	Electrical Service/Distribution			\$15.73	\$77,053.34
D50101200440	Overhead service installation, includes breakers, metering, 20' conduit & wire, 3 phase, 4 wire, 120/208 V, 1000 A	1.25		\$4.14	\$20,294.66

D50102300440	Feeder installation 600 V, including RGS conduit and XHHW wire, 1000 A	100		\$5.33	\$26,089.20
D50102400320	Switchgear installation, incl switchboard, panels & circuit breaker, 120/208 V, 3 phase, 1200 A	1.2		\$6.26	\$30,669.48
D5020	Lighting and Branch Wiring			\$14.17	\$69,411.85
D50201100640	Receptacles incl plate, box, conduit, wire, 16.5 per 1000 SF, 2.0 W per SF, with transformer	4898		\$5.15	\$25,213.48
D50201350320	Miscellaneous power, 1.2 watts	4898		\$0.37	\$1,809.52
D50201400280	Central air conditioning power, 4 watts	4898		\$0.73	\$3,558.01
D50201452080	Motor installation, three phase, 460 V, 15 HP motor size	2		\$1.06	\$5,203.90
D50202100520	Fluorescent fixtures recess mounted in ceiling, 1.6 watt per SF, 40 FC, 10 fixtures @32watt per 1000 SF	5632.7		\$6.87	\$33,626.94
D5030	Communications and Security			\$6.56	\$32,143.64
D50303101020	Telephone wiring for offices & laboratories, 8 jacks/MSF	3673.5		\$1.79	\$8,787.34
D50309100454	Communication and alarm systems, fire detection, addressable, 50 detectors, includes outlets, boxes, conduit and wire	0.24		\$2.18	\$10,693.27
D50309100462	Fire alarm command center, addressable with voice, excl. wire & conduit	0.24		\$0.67	\$3,267.32
D50309200110	Internet wiring, 8 data/voice outlets per 1000 S.F.	3.67		\$1.92	\$9,395.71
D5090	Other Electrical Systems			\$0.00	\$0.65
D50902200300	Uninterruptible power supply with standard battery pack, 15 kVA/12.75 kW	0.49		\$0.00	\$0.65
E	Equipment & Furnishings		0.00%	\$0.00	\$0.00
E1090	Other Equipment			\$0.00	\$0.00
F	Special Construction		0.00%	\$0.00	\$0.00
G	Building Sitework		0.00%	\$0.00	\$0.00
SubTotal			100%	\$208.41	\$1,020,801.65
Contractor Fees (General Conditions,Overhead,Profit)			15.0 %	\$31.26	\$153,120.25
Architectural Fees			0.0 %	\$0.00	\$0.00
User Fees			0.0 %	\$0.00	\$0.00
Total Building Cost				\$239.67	\$1,173,921.90

COURTHOUSE BLOCK REDEVELOPMENT TIF DISTRICT

Code Deficiency Cost Report

Parcel 7 - 308 1st Avenue NW, Faribault, Minnesota 55021

Building Name or Type

Parcel ID 183112670

Code	Related Cost Items	Unit Cost	Units	Unit Quantity	Total
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Accessibility Items

Parking

Create accessible parking per code	\$	100.00	EA	1	\$	100.00
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Accessible Route

Create an accessible route into the building per code	\$	500.00	Lump	1	\$	500.00
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Create an accessible route to all levels of the building per code	\$	12.09	SF	4,898	\$	59,216.82
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Structural Elements

\$ -

Exiting

Thresholds

Modify thresholds to comply with code for maximum height	\$	500.00	Lump	1	\$	500.00
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Stairways

Install code required secondary egress from second-floor apartments	\$	4.20	SF	4,898	\$	20,571.60
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Fire Protection

Smoke Detectors

Install code compliant smoke detectors	\$	2.18	SF	4,898	\$	10,677.64
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Emergency Lighting System

Install code required emergency lighting system	\$	1.12	SF	4,898	\$	5,485.76
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Emergency Notification System

Install emergency notification system	\$	0.67	SF	4,898	\$	3,281.66
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Building Sprinkler System

Install building sprinkler system	\$	5.10	SF	4,898	\$	24,979.80
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Exterior Construction

Exterior Block and Mortar

Repair damage block and mortar prevent water intrusion per code	\$	10,000.00	Lump	1	\$	10,000.00
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Windows

Replace failed windows to prevent water intrusion per code	\$	7.54	SF	4,898	\$	36,930.92
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Caulking

Remove/replace failed caulking to prevent water intrusion per code	\$	500.00	Lump	1	\$	500.00
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Code	Related Cost Items	Unit Cost	Units	Unit Quantity	Total
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Roof Construction

Roofing Material

Remove failed roofing material	\$	0.40	SF	4,898	\$ 1,959.20
Install roofing material to prevent water intrusion per code	\$	1.38	SF	4,898	\$ 6,759.24

Mechanical- Electrical

\$ -

Total Code Improvements \$ 181,463

Courthouse Block - Parcel 7 - 308 1st Avenue NW



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Request for Action

TO: Faribault Economic Development Authority
FROM: Deanna Kuennen, Community & Economic Development Director
MEETING DATE: August 18, 2022
SUBJECT: Resolution 2022-10 - Approve FY2023 Preliminary Levy Request

BACKGROUND:

Under State Statutes, the City must certify its proposed property tax levy amounts to the County Auditor by September 15th. Accordingly, the Economic Development Authority is asked to submit its preliminary levy request to be included with the proposed levy.

The proposed preliminary property tax resolution and the EDA levy calculation sheet which includes a history of the EDA levies over the years is attached as an exhibit to the resolution. The maximum amount the Faribault EDA can levy based on the approved formula is \$322,273.

Once the EDA and City certify a levy amount, the amount can be reduced, but cannot be increased. The levy is the EDA's primary source of revenue that can be used to fund programs related to the EDA's goals and mission.

The EDA is also asked to discuss work plan and budget priorities for 2023. The Staff report from the July EDA meeting with the 2022 approved budget and work plan is attached for discussion purposes.

REQUESTED ACTION:

Adopt Resolution 2022-10 Approving the Preliminary EDA Levy Request for FY2023 and provide direction on 2023 budget priorities for 2023.

ATTACHMENTS:

1. Res 2022-10 Approving the EDA FY 2023 Preliminary Tax Levy
2. July 2022 Initial 2023 EDA Budget Discussion Staff Report

ECONOMIC DEVELOPMENT AUTHORITY OF FARIBAULT

Resolution 2022-10

**RESOLUTION APPROVING PRELIMINARY EDA
PROPERTY TAX LEVY REQUEST FOR FISCAL YEAR 2023**

WHEREAS, the Economic Development Authority of the City of Faribault may request the establishment of a special benefit tax pursuant to Minnesota Statutes 469.107, Subdivision 1; and

NOW, THEREFORE BE IT RESOLVED by the Economic Development Authority of Faribault that there be and hereby requested a levy on the taxable property of the City of Faribault, Rice County, Minnesota for fiscal year 2023 a special benefit tax not to exceed 0.01813 percent of taxable market value as permitted in Minnesota Statutes. Based upon the City's existing capacity, it is estimated that \$322,273 will be the maximum appropriation available through taxation as shown on Exhibit A; the requested tax levy amount is \$322,273.

Adopted: August 18, 2022

ECONOMIC DEVELOPMENT AUTHORITY
OF FARIBAULT

Rodney Gramse, President

ATTEST:

AJ Smith, Secretary/Treasurer

**EXHIBIT A
FARIBAULT ECONOMIC DEVELOPMENT AUTHORITY
GENERAL FUND
PRELIMINARY 2023 EDA LEVY CALCULATIONS**

Authority

Minnesota Statutes 469.107, Subdivision 1

"A city may, at the request of the authority, levy a tax in any year for the benefit of the authority. The tax must be not more than 0.01813 percent of the taxable market value."

Maximum Levy Calculation

PY Estimated Market Value	\$ 1,777,564,900
Percentage Allowed	0.01813
Maximum Levy	\$322,273

EDA Levy History

<u>Year</u>	<u>Net Levy</u>	<u>% of Max Levy</u>
1998	\$ - - -	
1999	50,000	
2000	60,000	
2001	70,000	
2002	126,239	
2003	132,551	
2004	156,536	100%
2005	175,700	100%
2006	196,858	100%
2007	223,211	100%
2008	236,832	100%
2009	265,276	100%
2010	265,276	99%
2011	261,155	100%
2012	246,047	100%
2013	215,331	100%
2014	193,354	100%
2015	193,354	100%
2016	197,649	100%
2017	202,798	100%
2018	213,018	100%
2019	225,119	100%
2020	246,869	100%
2021	289,982	100%
2022	303,623	100%
2023	322,273	100%



Request for Action

TO: Faribault Economic Development Authority
FROM: Deanna Kuennen, Community & Economic Development Director
MEETING DATE: July 21, 2022
SUBJECT: Initial 2023 EDA Budget Discussion

BACKGROUND:

Annually, the EDA adopts a Preliminary and Final Levy, budget, and accompanying work plan. Attached is the 2023 preliminary levy calculation for the EDA. Additional information will be provided at the meeting. The EDA will be asked to provide initial comments and economic development initiatives and budgetary items.

REQUESTED ACTION:

No action. Discussion only.

ATTACHMENTS:

1. Levy Calculations for EDA FY 2023
2. Approved 2022 Operating and Program Budget
3. FINAL 2022 EDA WORK

**FARIBAULT ECONOMIC DEVELOPMENT AUTHORITY
GENERAL FUND
PRELIMINARY 2023 EDA LEVY CALCULATIONS**

Authority

Minnesota Statutes 469.107, Subdivision 1

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2015	193,354	100%
2016	197,649	100%
2017	202,798	100%
2018	213,018	100%
2019	225,119	100%
2020	246,869	100%
2021	289,982	100%
2022	303,623	100%
2023	322,273	100%

2022 APPROVED OPERATING BUDGET

Revenue	Current Ad Valorem Taxes	303,623.00
	Delinquent Ad Valorem Taxes	1,500.00
	Misc Taxes	700.00
	Interest & Misc Revenue	2,500.00
Total Revenue		308,323.00

	Legal	(25,000.00)		legal review - policies, programs, satisfactions, loan docs, packets, etc.
	Insurance & Bonds	(1,889.00)		
	Taxes & Licenses	(500.00)		
	Legal Notices Publishing	(500.00)		
	Meeting Expenses	(250.00)		reduced, but keep for special meetings
			(28,139.00)	
	Expert & Professional Services	(50,000.00)	(50,000.00)	\$10,000 Financial Consultant, \$25,000 eng./consultant for land initiatives, \$5,000 Main Street for Micro Grant admin, \$10,000 "other" program admin
	Loans & Grants	(75,000.00)	(75,000.00)	\$25,000 Micro Grant, \$20,000 Placemaking, \$30,000 city-wide program (new)
	Advertising (ED Marketing Budget	(50,000.00)	(50,000.00)	\$25,000 FAM, Site Selector, MMP, SelectUSA events, \$12,000 marketing ads/materials, \$10,000 MREJ, misc.
	Dues & Subscriptions	(24,000.00)	(24,000.00)	\$1,000 EDAM, \$100 Daily News, \$1,000 MMP, \$4,000 SMIF contrib., \$17,000 Chamber/Main Street/SCDC contrib., Misc subscript.
Total Operating Expenses			(227,139.00)	

2022 APPROVED PROGRAM BUDGET

Estimated Fund	
Balance end of 2021	938,750.19 (plus unspent 2021 Operating Funds)
Excess Levy	81,184.00
	1,019,934.19

Available Land	\$	(400,000.00)	\$250,000 land assembly, \$50,000 infrastructure enhancement/airport, \$100,000 shovel-ready, clear hurdles
Gateways	\$	(400,000.00)	\$200,000 downtown, \$100,000 Hwy 60 W, \$100,000 other corridors/programs
Work Force	\$	(100,000.00)	TBD
Small Business Asssistar	\$	(100,000.00)	TBD
	\$	19,934.19	

2022 EDA WORK / ACTION PLAN

AVAILABLE LAND	• Identify underutilized parcels throughout and adjacent to city limits • Identify infill development opportunities ○ Be prepared to assembly and acquire land if/when appropriate • Proactively identify “highly-visible/catalyst” sites for development/redevelopment ○ Fund studies/projects that will help market catalyst sites (Farmer Seed example) • Start discussions with business owners about expansion/land needs ○ Build an “inventory needs” assessment based on business input • Identify additional development land • Support/encourage annexation • Position Faribault Municipal Airport to be an economic development engine ○ Infrastructure investments ○ Participate in Runway Expansion Analysis ○ Marketing – existing and future airport opportunities
GATEWAYS <i>(Formerly I-35 Transportation Corridor)</i>	• Identify (and map) opportunities and threats along major gateways (SWOT) • Encourage investment / redevelopment along major gateways ○ Provide funding (loans/grants) to clear hurdles to kick-start investment ○ Develop programs to infuse funds/leverage private resources ○ Replicate success on north side of Faribault in other areas of the city – investment in infrastructure, etc. • Develop programs to encourage visual enhancements ○ Develop programs that will make a visual impact on the community • Support/actively participate in I-35 interchange and frontage road initiatives • Develop initiatives to enhance Hwy 60 reconstruction project ○ Develop infrastructure plan ○ Develop master plan/concept plan/engineering plans to show the potential for development and to use to market the area • Continue investments into the downtown ○ Map areas with highest traffic patterns (foot/bike/vehicle) – provide investments ○ Focus on back sides of buildings, ROW, etc. ○ Develop priority scoring and funding system to deploy funds to have biggest impact ○ Partner with City/HRA/HPC/Others on downtown initiatives (example: mural) ○ Partner with PCA on placemaking initiatives that bring people downtown
REGIONALISM	• Understand regional issues impacting economic development ○ Continue to partner with Owatonna on regional marketing ○ Work with HRA and employers to address workforce housing needs and initiatives • Define, understand, and market Faribault’s place in the region ○ I-35 Corridor / Corridors of Commerce ○ Greater MSP ○ SE MN ○ Minnesota Marketing Partnership ○ State of MN Trade Office / Foreign Direct Investment

WORKFORCE & DATA ANALYSIS	• Actively engage with SCC on workforce training programs- including H2C • Partner with the Faribault Area Chamber of Commerce and other partners on their “Career and Workforce Development” initiative • Work with employers to understand workforce needs ○ Develop specific workforce strategies for local employers ○ Develop “creative” talent attraction initiatives • Participate with DEED on talent-attraction efforts/events/initiatives • Tell Faribault’s story ○ Growing workforce population ○ Positive impact of proximity to south metro ○ Training opportunities
SMALL BUSINESS ASSISTANCE	• Identify ways to support small business growth • Create synergy in the downtown • Provide programs to encourage investments in small business
ONGOING OPERATIONS	• Redirect/review/reduce funding support to other organization – focusing on those that align with the EDA’s core economic development focus and mission (Maintain 2019 funding levels) • Continue enhanced marketing and networking initiatives ○ Leverage marketing funds by pursuing joint marketing efforts ○ Pursue targeted marketing campaign – to include site selection partnership/consultant services ○ Actively participate in MMP, targeted industry visits, FAM Tour, FDI opportunities, talent attraction events ○ Conduct second Micro Summit (postponed due to COVID-19) • Determine COVID-19 Response to support Faribault’s economy. Look for opportunities to help Faribault businesses sustain operations, re-establish operations, or re-envision operations.



Request for Action

TO: Faribault Economic Development Authority
FROM: Stephanie Aman, Economic Development Coordinator
MEETING DATE: August 18, 2022
SUBJECT: Project Updates

BACKGROUND:

Project updates are attached.

REQUESTED ACTION:

No action required

ATTACHMENTS:

1. 6 - Project Updates - August



Discussion Items

TO: Faribault EDA
FROM: Stephanie Aman, Economic Development Coordinator
THROUGH: Deanna Kuennen, Community & Econ Dev Director
MEETING DATE: August 18, 2022
SUBJECT: Updates/Project Reports

UPDATES

Active Prospects/Business Updates:

Potential Food Production/Restaurant Business	Staff was provided a lead last summer for a local food production/restaurant that may be interested in opening a brick and mortar facility to Faribault A signed purchase agreement is in place. Due diligence is complete and the property will go to closing in late August and will start remodel/construction shortly thereafter.
Project Rock	70,000 square foot expansion of existing business to accommodate automation of manufacturing process
Truck Driving School/Training	Staff were asked to help identify possible property/location for a truck driving school. Staff met with the owners and connected them with the owners of possible properties to explore. Staff continue to follow up to ensure the business owners have the information they need to make a decision. Staff have followed up and the owners continue to look for the right property and fit. Staff will continue to help with that process. They are still looking for the right property/fit.
Food Manufacturing Business	Staff attended a presentation from a food manufacturer at the August CVN meeting and have presented possible properties for consideration. Staff will provide support to this business as they look to expand their current Minnesota operations to a larger facility for their own manufacturing. They seek space to provide value-added services to other food manufacturers.
Transportation Service Business	Staff attended a presentation given by a regionally based service industry manufacturer that is seeking to add another warehouse/plant in order to grow. Staff presented the business with possible properties and will work with them as they choose their additional location.
Service Agency	Staff were presented with an RFI seeking 10,000 square feet of office space for an expansion of an established business. Staff returned the RFI with two

Agenda Item: 6

	possible properties that fit the criteria that was presented. Staff will continue to follow up with the business to ensure they have all the information they need to make a decision on location.
HWY 60 Project(s)	Staff has participated in a number of different meetings regarding potential development/redevelopment along the Hwy 60 W corridor. Staff will continue to be an active participant in development/redevelopment opportunities, and will bring potential projects/requests to the EDA as appropriate. Conversations are ongoing.

Warm Prospects/Business Updates:

Potential Food Manufacturer	Staff is working with an existing Minnesota food manufacturing company that is looking to expand their product line, and have identified a possible site for this part of their business to expand into. Staff participated in a virtual meeting with the company and partners to explore funding and incentives for the expansion. Staff continues to follow up with the company while they make a decision on the location for their project. Staff have followed up with this business to determine if their expansion plans have been determined, as space is available that would meet their needs.
Food Manufacturing Expansion	A local business contacted staff seeking help in finding property to expand and already successful food business. They seek space for automating their manufacturing process and staff prepared several sites that would meet their current needs and criteria. Business was happy with the sites presented and they are good options. They may have found a commercial kitchen that meets their needs. Staff had a conversation with them and they are now in a busy season, and will be pausing this search and will evaluate sites again soon They are still interested in the sites that were proposed.
Automotive Business	Staff were contacted about a possible business venture in the automotive field. Staff connected the owner with a possible site and toured the site with them. They are in contact with City Staff to ensure zoning, permitting, and timelines all work correctly. Staff will remain in contact with the owners through the process of site selection. Staff were recently informed that this project is on hold due to the economy. The business is still interested in the site, but are looking more toward fall.
Family Restaurant	A broker has contacted staff seeking potential sites in Faribault for a family restaurant. Staff has provided contact information for sites that match their criteria. Staff will work with the broker to ensure that their client has the information that is needed.

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	Staff learned of another available property and has connected the property owner with the broker.
Potential Light Manufacturing Business	Staff attended the December CVN meeting and met with the Business Development Manager of a Minnesota based light manufacturing company that is looking to relocate their operations. A response was prepared with possible sites for this company. Staff will continue to follow up with them as they make decisions on their new location. The business is completing a campaign to raise funds, and will be making decisions on site tours in the next couple of months. Staff continue to follow up to ensure they have the information they need when they are ready for site selection. Staff have reached back out to get an update on this project, noting that there is an available facility that would meet their needs.

Inactive Prospects/Business Updates:

Adult Day Care Services	Staff have met with an individual that is seeking space to open an adult day care service. Several sites have been identified and staff continue to work with the potential owner to ensure that they have what they need to find a good fit for the service. No further action - moving to inactive.
Online Auto Auction	Staff had been working with a company, Copart, on a site in the industrial park to establish another location for their online auto auction business. A conditional use permit hearing was scheduled for consideration at the August 15 Planning Commission meeting. Ultimately, the company withdrew their application based on the high cost per acre for the land and development.
Light Industrial Office Space	Staff were contacted regarding office space for a multi-city regional light industrial manufacturer seeking office space for occasional use. Staff connected the business with leasable space and appointments were set up to view. Ultimately, the business has had budget cuts and is not in a position at this time to pursue regional office space.

Other:

- Staff participated in several Business Retention and Expansion visits in July, and were pleased to hear about potential expansion efforts as well as successful expansion. Staff will continue follow up on those expansion efforts, as well as visit other businesses in the coming months.
- Staff continue to participate in discussions around state and federal funding that is being made available to businesses and communities including for downtowns and small businesses.
- Staff participate in regional and state webinar sessions that include information on job placement, retention and how we can play a role in ensuring successful business practices in recruitment and retention.
- Staff received information on the placemaking projects that were chosen by the Paradise Center for the Arts and are pleased the funds that have been awarded to the artists, as directed by the EDA, will be used to bring people to the downtown.
- In the spring, staff met with a developer that has interest in working with rural areas to construct all levels of housing from workforce to market rate rentals. Staff then asked local businesses to participate in a conversation with the developer so they could understand the needs in Faribault. Recently, the developer has had discussions with land owners regarding possible property development. Conversations continue as staff work with the developer to ensure they have all the information they need before moving forward with projects in Faribault.
- Staff met with other Rice County Economic Development professionals for a quarterly regional meeting. SMIF was in attendance to provide more information on available programs and dollars.
- Representatives from JETRO (Japanese External Trade Organization) visited City Hall to see our operations and meet with City Staff. They also visited the Daikin plant while in Faribault.
- Staff attended the new Safety Center groundbreaking.
- Staff attended the CVN meeting in August and have connected with three potential companies to further conversations about Faribault.

Marketing:

Minnesota Real Estate Journal

- Staff continue to participate by sponsoring events being held by MREJ. Most recently, the City sponsored boards at a Bags Tournament held in Minneapolis.

• Minnesota Marketing Partnership

- Faribault continues to be active participants in the Minnesota Marketing Partnership (MMP). Last year Faribault elected to participate in the MMP digital marketing campaign, and now has access to all of the video and social medial materials. In addition – Staff was selected to help represent the State of MN – specifically Faribault/SE MN, with DEED and others, at the Site Selector Guild table talks. This has generated additional connections with the site selector community.

• Select USA

- Staff represented the state of Minnesota and Faribault at Select USA in Washington DC. Visits with many companies, along with meeting with the delegation from Japan took place.